(25,749)

20792

SUPREME COURT OF THE UNITED STATES.

OCTOBER TERM, 1917.

No. 393.

WILLIAM CRAMP & SONS SHIP & ENGINE BUILDING COMPANY, PETITIONER,

vs.

INTERNATIONAL CURTIS MARINE TURBINE COMPANY AND CURTIS MARINE TURBINE COMPANY OF THE UNITED STATES.

ON WRIT OF CERTIORARI TO THE UNITED STATES CIRCUIT COURT OF APPEALS FOR THE THIRD CIRCUIT.

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JUDD & DETWEILER (INC.), PRINTERS, WASHINGTON, D. C., JUNE 25, 1917.

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a United States Circuit Court of Appeals for the Third Circuit, March Term, 1916.

No. 2126.

INTERNATIONAL CURTIS MARINE TURBINE COMPANY et al.

vs.

WILLIAM CRAMP & SONS SHIP AND ENGINE BUILDING COMPANY.

Transcript of Record Sur Petition for a Writ of Certiorari or Mandamus.

b In the District Court of the United States for the Eastern District of Pennsylvania.

(*Balance of Docket Entries in the Case of International Curtis Marine Co. vs. Cramp, No.* 263.)

1912, May	3.	Transcript of record sur appeal transmitted to Clerk of U. S. C. C. of Appeals.
1914, April	15.	Mandate received from U. S. C. C. of Appeals reversing the decree of this Court with costs and filed.
May	1.	Decree on Mandate of U. S. C. C. of Appeals filed.
1915, March	22.	Certificate of question by Master for determination by the Court filed.
May	20.	Argued sur certified question of Master.
July	2.	Opinion, Thompson J., allowing defendant's motion to exclude evidence filed.
	13.	Order granting defendant's motion to exclude certain evidence filed.
	20.	Plaintiff's petition for rehearing of defendant's motion to exclude evidence before Master filed.
		Order directing filing of plaintiff's petition for rehearing of defendant's motion to exclude evidence before Master and allowing Defendant ten days to answer filed.
1916, February	8.	Notice of motion by plaintiff for order fixing date of hearing of argument on question certified to Court by Master filed and affidavit of Charles Neave in support thereof filed.
	9.	Notice of motion by plaintiff for order fixing date of hearing of argument on question certified to Court by Master and affidavit of Charles Neave in support thereof filed.

21. Reargued sur certified question of Master.
March 21. Opinion, Thompson J., overruling action of Special Master in overruling defendant's objections and sustaining defendant's objection without prejudice &c., filed.

1 District Court of the United States, Eastern District of Pennsylvania.

INTERNATIONAL CURTIS MARINE TURBINE COMPANY and CURTIS MARINE TURBINE COMPANY OF THE UNITED STATES, Complainants,

against

WILLIAM CRAMP & SONS SHIP & ENGINE BUILDING COMPANY, Defendant.

Interlocutory Decree After Mandate.

A decree having been entered herein on April 12, 1912, ordering that the Bill of Complaint be dismissed, and an appeal having been taken to the Circuit Court of Appeals for the Third Circuit, and the Mandate of said Court having been received and filed in this Court, now, in accordance with said Mandate, it is Ordered, Adjudged and Decreed

1. That the decree entered herein on April 12, 1912 is hereby set aside in so far as it relates to patent No. 566,969 granted to Charles G. Curtis on September 1, 1896.

2. That the said patent No. 566,969 is a good and valid patent and that the complainants are the lawful and exclusive owners of said patent.

3. That the defendant has infringed upon the complainants' exclusive rights under said patent as defined in claims 1, 2, 3,
2 4, 5, 6, 8, 9 and 11 thereof.

4. That the complainants do recover of the defendant the profits, gains and advantages derived, received or made by it by reason of said infringement, and any and all damages which the complainants, or either of them, have sustained by reason of the said infringement, and it is hereby referred to Hector T. Fenton, Esq., on account of his special fitness and experience, as a Master of this Court, to take and state the account of said profits, gains, advantages and to assess such damages and to report thereon with all convenient speed; and the defendant and its attorneys, officers, directors, clerks, servants and workmen are hereby directed and required to attend before said Master from time to time as required, and to produce before him such books, papers, vouchers and documents and to submit to such orders and oral examinations as the Master may require.

5. That the complainants do recover of the defendant their costs and disbursements in the Circuit Court of Appeals as specified

in said Mandate and that the matter of the costs in this Court be left until the coming in of the Master's report.

6. That the question of increase of damages and all other questions be reserved until the coming in of the Master's report.

3 J. W. THOMPSON, *Judge.*

May 1st, 1914.

Approved as to form.

C. V. EDWARDS,
Counsel for Defendant.

C. BRADFORD FRALEY,
Counsel for Complainant-.

April 30, 1914.

(Endorsed:) Box 5. 263, April Sess., 1909. District Court of United States, Eastern District of Pennsylvania. International Curtis Marine Turbine Company and Curtis Marine Turbine Company of the United States, Complainants, against William Cramp & Sons Ship & Engine Building Company, Defendant. Decree after Mandate.

Filed May 1, 1914. Wm. W. Craig, Clerk, by L., Deputy Clerk.

4 United States District Court, Eastern District of Pennsylvania, April Term, 1909.

In Equity.

No. 263.

INTERNATIONAL CURTIS MARINE TURBINE COMPANY et al.

vs.

WM. CRAMP & SONS SHIP & ENGINE BUILDING CO.

Sur Accounting before Master under an Interlocutory Decree, in Usual Form, Adjudging Infringement and Recovery of Profits and Damages.

The Master has been requested by Counsel for defendant to certify this portion of his Minutes to the Court, to enable the defendant to obtain the opinion and direction of the Court, on the question involved, at this stage of the proceedings. While such a course is unusual and justifiable only under peculiar circumstances, the Master consents to do so, because the question is purely one of law, the decision of which would not be affected by the taking of additional testimony, and also because the taking of an account of profits on the engines of the four vessels built under these four contracts would necessarily involve much labor and expense to all

concerned, which would be avoided if the conclusion reached by the Master is erroneous.

Respectfully submitted,

HECTOR T. FENTON, *Master.*

March 18, 1915.

5 Pages 39 & 40 of Master's Minutes.

In the District Court of the United States for the Eastern District of Pennsylvania, April Term, 1909.

Equity.

No. 263.

INTERNATIONAL CURTIS MARINE TURBINE COMPANY and CURTIS MARINE TURBINE COMPANY OF THE UNITED STATES, Complainants,

vs.

WILLIAM CRAMP & SONS SHIP & ENGINE BUILDING COMPANY, Defendant.

Master's meeting held pursuant to adjournment at the office of Fraley and Paul, 1815 Land Title Building, Broad & Chestnut Street, Philadelphia, on Tuesday, October 27th, 1914, at 11 o'clock A. M.

Present: Hector T. Fenton, Esq., Master; C. Bradford Fraley, Esq., and W. G. McKnight, Esq., for Complainants; Abraham M. Beitler, Esq., and Clifton B. Edwards, Esq., for Defendant.

Examination of Harry W. Hand by Mr. McKnight for complainants continued.

Mr. Edwards: Defendant's counsel at this point objects to any inquiry into any transaction under the contracts for torpedo
6 boat destroyers Nos. 47, 48, 49 and 50, on the ground that the contracts relating thereto were entered into in 1911, and all acts thereunder were subsequent thereto. On June 25, 1910 the United States, by act of eminent domain, acquired a license to use the inventions of all existing patents, and, therefore, the transactions under the contracts for torpedo boat destroyers Nos. 47, 48, 49 and 50, being merely the building of devices for a licensee under the patent in suit, were licensed transactions and not infringing transactions, and consequently are not within the scope of this accounting.

The Master: Decision on the objection will be reserved until after the conclusion of the present session.

7 Pages 64 and 65 of Master's Minutes.

Mr. McKnight: Complainant now offers in evidence contracts between the Governmen and the defendant company, each dated

September 7th, 1911, for the construction of torpedo boat destroyers Nos. 47 and 48, together with the drawings and plans and specifications referred to therein and forming a part thereof, and the proposal prepared by the defendant and submitted to the Government in connection with each of said contracts. I believe it has now been established by the testimony that the turbine engines installed in these ships were built in accordance with the proposal, drawings, plans and specifications forming a part of these contracts, and that such turbine engines were substantially completed prior to the expiration of the patent in suit, and that, therefore, under the previous ruling of the Master, said contracts, and other specified documents are now admissible in evidence. I, therefore, also offer in evidence the official trial reports with respect to the trials of these two torpedo boat destroyers, which Mr. Hand stated he had in his possession and produced in response to the subpœna served upon him.

Mr. Edwards: The documents referred to are objected to as irrelevant, immaterial and incompetent. Contracts on their face are subsequent to the passage of the Act of June 25, 1910, upon which date the Government acquired a license to use the invention of the patent in suit, and consequently the making of these devices upon the order of the Government could not constitute an infringing transaction.

8 The Master: Subject to that part of the objection which is a reiteration of the objection stated at the beginning of this session, counsel on both sides will be heard at the next session on the admissibility of the papers in evidence, on the general objection to them by defendant's counsel, namely, as to whether or not the evidence shows a substantial completion of the turbines prior to the expiration of the patent, and whether or not they are sufficiently identified by the stipulated exhibit, Complainant's Exhibit No. 5, as responding to the claims of the patent suit; and this applies to the drawings, plans and specifications forming part of the said contracts. In regard to the objections made by Mr. Edwards, defendant's counsel, stated on the record at the beginning of this session, based on the Act of Congress of June 25, 1910, quoted and considered in Crozer versus Krupp, 224 U. S., 290; and which objection goes to the claimed right of complainant to have included in this accounting the profit, if any, accrued to defendant from the contracts for the construction by it of vessels Nos. 47, 48, 49, and 50, in respect of the turbine engines installed thereon, the Master will be pleased to hear argument by the respective counsel in support of and against the objection at the next session.

Adjourned until Friday November 6, 1914, at 10:30 A M.

9 Pages 66 and 67 of Master's Minutes.

Master's meeting held pursuant to adjournment at the office of Fraley and Paul, 1815 Land Title Building, Broad and Chestnut Streets, Philadelphia, Friday, November 6, 1914, at 11:30 o'clock A. M.

Present: Hector T. Fenton, Esq., the Master; C. Bradford Fraley, Esq., and W. G. McKnight, Esq., for Complainants; Abraham M. Beitler, Esq., and Clifton B. Edwards, Esq., for Defendant.

Mr. Edwards on behalf of the defendant makes an oral argument in support of his objection appearing on pages 39, 40, 64 and 65 of the Record.

Mr. McKnight on behalf of the complainants makes oral argument in reply to Mr. Edward's contention.

The Master reserves consideration of the matter of the objection until the next meeting.

Adjourned to Friday, November 13, 11 o'clock A. M.

Master's meeting called pursuant to notice and held at 1815 Land Title Building, November 20, 1914, at 11 o'clock A. M.

10 Present: Hector T. Fenton, Esq., Master; C. Bradford Fraley, Esq., and W. G. McKnight, Esq., for the Complainant; Clifton B. Edwards, Esq., for the Defendant.

The Master announced that he had drafted an opinion containing his ruling on the objections made at the session of October 27th, 1914, and each of the counsel submitted further argument for and against the objections referred to, and finally suggested that the Master hear further argument from the respective parties, which, by consent, was agreed to, and adjournment had until Tuesday, November 24th, 1914, at Mr. Fenton's office, 705-13 Witherspoon Building, Philadelphia, Pa., at 2:15 P. M.

11 *Memorandum.*

November 20, 1914.

By the Master: Considering the objections interposed by defendants at the previous session of October 27, 1914, against the inclusion in this accounting of the profits, if any, derived by defendants from the construction for the Government of turbine engines for the vessels built under contracts Nos. 47, 48, 49 & 50, the admissibility in evidence, of these contracts will depend in the first instance, upon the sufficiency of the evidence offered and that may be offered to establish the substantial identity of the engines in question with the subject matter of the adjudicated claims, and also to show their substantial completion prior to the expiration of the Patent sued on, by which is meant a completion to an extent which would entitle the contractor to one or more partial payments, on account thereof, under the terms of the contract. It is thought the complainant is entitled to show this, if it can.

The remaining objection goes to the whole claim, in respect of the engines built by defendants under these four contracts, and is based on the theory that the Act of Congress of June 25, 1910, vests in the Government a right of eminent domain as respects any patent monopoly the subject matter of which it may thereafter, see fit

to make use of for Government purposes, and relegates the patentee to his action in the Court of Claims to recover compensation
12 for his property right so invaded. This is the meaning of that statute as defined in Crozer vs. Krupp, 224 U. S. 290. That statute in effect vests in the Government, a compulsory license, by operation of law, evidenced by some act or acts of the Government which, in the case of an individual person would amount to an infringement of the Patent, and manifestly this may consist of a tortious making, or a using, or a vending, these being separable rights comprising the monopoly, as held in numerous decisions, more recently in Bauer vs. O'Donnell, (commonly known as the Sanatogen case) 229 U. S. 1, wherein each of these rights, of which the patent monopoly consists, was defined, and each distinguished from the other.

The statute of June 25, 1910, authorizes such a compulsory license or taking, by the Government, of any "invention described in and covered by a patent * * * (which shall hereafter be used by the United States," and this language is broad enough to include a right to make as well as a right to use; but the act of taking is not necessarily of both these separable and distinct rights, and although the former would ordinarily include the latter, the converse is not true. The character and extent of the taking, under the right of eminent domain given by the statute, and for which the Government is liable to be summoned to make compensation in the Court of Claims, is to be ascertained precisely as would be the infringing act of an individual person which if it consisted merely in the unlicensed use of an infringing structure made by another person, he certainly would not be adjudged to have infringed
13 the patentee's exclusive right to make, or his like right to vend, nor be held to account for the profits accrued to him who committed the infringing act of making, even perhaps if there be privity of relation between them, certainly in the latter case it would be a joint liability of both for both sources of profit or damage. Nor is it possible to hold that the relation of principal and agent existed between the infringing maker and the infringing user of the machine, based merely on a contractual relation between them for effecting the infringing acts; more especially if the contract between them disclosed that the profit or advantage from the making and that from the using accrued to and was received by the respective tort feasors in their individual right.

Such seems to me to be the logical and legal conclusion from the analogous facts in the case at bar. The taking by the Government under its right of eminent domain, if there was any in this case, was a taking for use, and its liability to make compensation in the Court of Claims is limited to that; indeed it might plead in bar a recovery against the infringing maker in respect of other than nominal damages, as is often the case in suits for infringement against both maker and user, of the same article, where a substantial recovery has been had against the former.

The objection of the defendant that the Statute of June 25, 1910 operates to exclude from this accounting the profits, if any, made by

defendants for building the turbine engines, under Contracts
14 47, 48, 49, 50, if the claim be otherwise made out, is therefore overruled.

An exception to defendants is noted on the record.

Meeting March 2, 1915, 11 A. M.

Present: Mr. McKnight for Complainants; Mr. Edwards for defendant.

By the Master: Since the foregoing decision of the Master entered on the Minutes of November 20, 1914, a reargument has been had, both orally Nov. 27/14 and by brief Dec. 1/14 of the questions arising on the defendant's objections to the inclusion in the accounting of any profits arising on any acts of alleged infringement in building and supplying to the Government, of four torpedo boat destroyers, containing turbine engines, under the contracts Nos. 47, 49, 49 and 50 dated September 7, 1911 and hence made since the enactment of the Court of Claims statute of June 25, 1910, and prior to the expiration of the Patent in suit, on Sept. 1, 1913.

The very able brief submitted by the respondent's counsel has been most carefully considered, but it does not convince the Master that his original ruling was erroneous.

The contention of defendant was that the Government having exercised its right of eminent domain, by determining to build vessels containing the patented turbine engines, and awarding a contract therefor, with specifications in detail, because, in fact, a licensee of the right to make, use and sell, and liable, because of such act, to
15 respond to the plaintiff patentee in the Court of Claims, under the enabling statute of June 25, 1910, it was immaterial that it did not make the engines, in its own navy yards, (as in Crozer vs. Krupp) but contracted with defendant, the Cramp Ship & Engine Co. to build them. The latter was an independent contractor and presumably derived a profit on its manufacture, under the contract, of the turbine engines constituting a part of the vessel contracted for. The patent grant is of the exclusive right to make, to use and to sell. These are several substantive and segregable rights. 229 U. S. 1. A defendant who infringes only the exclusive right of use, cannot logically nor legally be held to account for the profit which has accrued to the defendant who has infringed only the exclusive right to make the article which the former has bought from him. This would doubtless be the Answer of the Government if the present plaintiff sued in the Court of Claims and sought to include the profits of manufacture in the assessment of damages; supplemented by a statement of incontrovertible facts (1) that it did not infringe the exclusive right to make the infringing engines, (2) that it had paid to the infringing manufacturer the whole price demanded by the latter for the infringing article including presumably a profit thereon over cost of manufacture. The theory on which accounting in equity for patent infringement is based is that the

infringer is a trustee of such profit as he thus unlawfully acquired;
and if, in this case any part of the moneys paid to the de-
16 fendant, under the contracts for the building of the vessels in
question, included a profit to defendant on the turbine engines it built for and installed in such vessels, it is properly liable to account therefor under the decree in this case. Since this matter was originally argued before the Master, the decision of the District Court for this district, in Firth Steel Co. vs. Bethlehem Steel Co., 216 Fed. 755 (762) has been announced and published, and it it thought that it governs the question under consideration here. As remarked by Judge Dickinson in the case last cited, the defendant there as here was an independent contractor who constructed the alleged infringing device for profit and at his own risk. There, as here, the action was against the contractor, not against the Government. In respect of the liability of the contracting manufacturer it was not of the slightest materiality that the purchaser and user of the alleged infringing article was the Government and not a private individual, the sole difference being that the latter as an independent tort feasor in violating the patentee's exclusive right of use, would be liable to injunction as well as damages, while the former, being invested by the Act of June 25th, 1910, with a license, compulsory as against the patentee, would be liable to answer to the latter in the Court of Claims for the value of such compulsory license; in ascertaining which, the extent and character of the right taken, by way of eminent domain, would govern the measure to be applied in assessing its value, and by no possibility could such measure in-
clude the profit due to the manufacturer of the article.
17 Nothing short of considering the Government as the principal
and the contracting builder as merely its agent, for the purpose, would justify the defendant's contention, and this would be impossible in view of the Contract in evidence.

(Endorsed:) Box 5. 263, April Sess., 1909. International Curtis *Intrnational* Turbine Co. v. Wm. Cramp & Son- Ship & Engine Bldg. Co. Certificate of Master.

Filed Mar. 22, 1915. Wm. W. Craig, Clerk, by L., Deputy Clerk.

18 In the District Court of the United States for the Eastern District of Pennsylvania.

In Equity. No. 263.

INTERNATIONAL CURTIS MARINE TURBINE COMPANY OF THE UNITED STATES

vs.

WILLIAM CRAMP & SONS SHIP & ENGINE BUILDING COMPANY.

Upon Defendant's Motion to Exclude Evidence Before the Special Master.

THOMPSON, *J.*:

In the case of Firth Sterling Steel Company against Bethlehem Steel Company, 216 Federal Reporter, 755, this Court in an opinion by Judge Dickinson has held that:

"The right of action given by the Act of 1910 against the government does not grant immunity to any private trespasser upon the rights of patentees."

In that case the defendant was manufacturing projectiles for the government which it was held infringed plaintiff's patent. Upon appeal it was held by the Circuit Court of Appeals that the claims of the patent which it was alleged were infringed were invalid. The question here raised was, therefore, not decided by the Appellate Court. In view of the importance of a final decision of the question here presented, and the desirability of expediting its decision, we are of the opinion that the ruling of the Master in admitting in

19 evidence defendant's contracts #47, 48, 49 and 50, with the United States should be overruled without prejudice to the right of the plaintiffs to proceed by separate bill, if they be so advised, in order to determine their right to recover from the defendant the profits accruing to it through its alleged infringing acts under the contracts in question and without prejudice to their right to raise any question, upon the issues here presented in the Court of Claims.

The defendant's motion to exclude the evidence before the Master is allowed accordingly.

(Endorsed:) 263. 5 A 09. In Equity. U. S. D. C., E. D. of Pa. International Curtis Marine Turbine Co. of the United States vs. Wm. Cramp & Sons Ship & Engine Building Company. Opinion, Thompson, J.

Filed Jul- 2, 1915. Wm. W. Graig, Clerk, by L., Deputy Clerk.

20 District Court of the United States, Eastern District of Pennsylvania.

In Equity.

INTERNATIONAL CURTIS MARINE TURBINE COMPANY and CURTIS MARINE TURBINE COMPANY OF THE UNITED STATES, Plaintiffs,

vs.

WILLIAM CRAMP AND SONS SHIP AND ENGINE BUILDING COMPANY, Defendant.

Order.

Now on this 13th day of July, 1915, it is

Ordered, adjudged and decreed that the ruling of Hector T. Fenton, Esq., the Master appointed herein to take an account of profits and damages, admitting in evidence contracts for torpedo boat destroyers Nos. 47, 48, 49 and 50, between the defendant herein and the United States, is overruled without prejudice to the right of the plaintiffs to proceed by separate bill and without prejudice to plaintiffs' right to raise in the court of claims any question upon the issues here presented; and it is further

Ordered that the defendant's motion to exclude said evidence before the Master is hereby granted.

J. W. THOMPSON,
U. S. District Judge.

21 (Endorsed:) 263. International Curtis Marine Turbine Co. v. Cramp. Order of July 13, 1915 granting motion to exclude certain evidence.

Filed Jul- 16, 1915. Wm. W. Craig, by L., Deputy Clerk.

22 District Court of the United States, Eastern District of Pennsylvania.

In Equity. No. 263.

INTERNATIONAL CURTIS MARINE TURBINE COMPANY et al., Plaintiffs,

vs.

WILLIAM CRAMP & SONS SHIP & ENGINE BUILDING COMPANY, Defendant.

Petition for Rehearing.

Your petitioners, International Curtis Marine Turbine Company and Curtis Marine Turbine Company of the United States, the plaintiffs herein, respectfully ask for a rehearing and reconsideration of

the decision of this Court, filed July 2, 1915, on the defendant's motion to exclude evidence before the Master.

Your petitioners desire to present to the Court, for its consideration, the following points:

Point I.

Patent No. 566,969, involved in this suit and held valid and infringed by the Circuit Court of Appeals, Third Circuit (211 F. R. 124) was granted on September 1, 1896, to Charles G. Curtis, for "the term of seventeen years" (Rev. Stat. 4884).

This patent, therefore, expired on September 1, 1913, and your petitioners are advised that they cannot, as stated by the court,
23 "proceed by separate bill, * * * in order to determine their right to recover from the defendant the profits accruing to it."

Profits accruing to an infringer can be recovered by a patentee only in a suit in equity "upon a decree being rendered in any such case for an infringement", (Rev. Stat. 4921) but as the patent in suit has expired no suit in equity for infringement, praying an injunction and an account, can be maintained by your petitioners.

And your petitioners are further advised that the "profits accruing to the defendant through its alleged infringing acts under the contracts in question" cannot be recovered in an action at law, for in such suit only "damages for infringement of any patent may be recovered" (Rev. Stat. 4919); nor can defendant's profits be recovered by your petitioners in an action in the court of claims against the United States, for the reason that the Statute of June 25, 1910, authorizes only the recovery of "reasonable compensation" for the use, by the United States, of "an invention described in and covered by a patent."

Wherefore your petitioners *respectively* submit that they are entirely without remedy to recover of the defendant the profits accruing to it by reason of its alleged infringing acts under the contracts in question, except in the accounting in this suit now pending before the Master.

24 Point II.

Your petitioners are advised that there is no process of law whereby the order of this court excluding the evidence in question can be reviewed except by appeal from the final decree to be entered, based on the Master's report. There is no immediate appeal from the court's order; it is neither a "final decision" (Judicial Code Sec. 128) nor is it an interlocutory order granting, continuing, refusing or dissolving an injunction (Judicial Code Sec. 129); it is purely interlocutory in its nature and the Court of Appeals has no jurisdiction to review it by appeal or writ of error. Your petitioners are further advised that it is doubtful whether the Court of Appeals has power to review said order by writ of certiorari (Judicial Code Sec. 262) or by a writ of mandamus.

Your petitioners' only alternative is to proceed with the present

accounting, and appeal from the final decree to be entered upon the Master's report. Should the Court of Appeals reverse the order excluding the evidence in question, it would be necessary to send the case back to the Master to take the evidence, involving serious delay and expense, to the great injury of your petitioners. It was for these reasons and anticipating the result of an order excluding the evidence in question that counsel directed the court's attention (Plaintiff's Brief pp. 17-18) to the decisions holding that it is better and safer practice to admit evidence offered before the Master, so that it may be in the case for the consideration of the appellate court, thereby avoiding a new trial.

Your petitioners respectfully represent that the court was, therefore, under a misapprehension in assuming that its action in excluding the evidence would result in "expediting" the "final decision of the question here presented". On the contrary, the exclusion of the evidence is attended by the unfortunate results to your petitioners as set forth above.

In view of the foregoing your petitioners respectfully pray that the court reconsider its decision and vacate the order excluding the evidence in question, and should the court desire to hear counsel further, that a rehearing be ordered.

Dated July 16, 1915.

INTERNATIONAL CURTIS MARINE TURBINE COMPANY AND

CURTIS MARINE TURBINE COMPANY OF THE UNITED STATES.

WILLIAM E. McKNIGHT,

CHARLES NEAVE,

C. BRADFORD FRALEY,

Counsel for Petitioners.

(Endorsed:) In Equity. No. 263. United States District Court, Eastern District of Pennsylvania. International Curtis Marine Turbine Company et al., Plaintiffs, vs. William Cramp & Sons Ship & Engine Building Company, Defendant. Petition for Rehearing.

And now July 20, 1915 it is ordered that within petition be filed, with leave to defendant to answer within 10 days.

J. W. T., *J.*

Filed Jul- 20, 1915. Wm. W. Craig, Clerk, per L., Deputy Clerk.

27 District Court of United States, Eastern District of Pennsylvania.

INTERNATIONAL CURTIS STEAM TURBINE COMPANY et al., Plaintiff-,

vs.

WILLIAM CRAMP & SONS SHIP AND ENGINE BUILDING COMPANY, Defendant.

Notice of Motion.

To Abraham M. Beitler, Esq., and C. V. Edwards, Esq.:

Please take notice that upon the attached affidavit of Charles Neave, verified on the seventh day of February, 1916, we shall move this Court, on Friday, February 11th, in the Federal Building in the City of Philadelphia, at the opening of Court on that day, or as soon thereafter as Counsel can be heard, for an order setting the cause for early hearing, on a date to be fixed by the Court, on the questions certified to this Court by the Master on March 18th, 1915.

C. BRADFORD FRALEY,
B.,
Solicitor and of Counsel for Plaintiffs.

Service acknowledged this seventh day of February, 1916.

ABRAHAM M. BEITLER,
Solicitor and of Counsel for Defendant.

28 District Court of the United States, Eastern District of Pennsylvania.

INTERNATIONAL CURTIS STEAM TURBINE Co. et al., Plaintiff-,

vs.

WILLIAM CRAMP & SONS SHIP AND ENGINE BUILDING COMPANY, Defendant.

Affidavit of Charles Neave.

STATE OF PENNSYLVANIA,
County of Philadelphia, ss:

On this seventh day of February, 1916, personally appeared, before me, Charles Neave, who, being by me duly sworn did depose and say as follows:

I reside in New York City and am of Counsel for the Plaintiff in the above entitled cause, and am familiar with the proceedings therein.

On or about May 1st, 1914, the decree, under which the present

accounting is being conducted was filed in this Court, Hector T. Fenton, Esq., being designated therein as Master.

The accounting proceeded before the Master until March 18th, 1915, on which day the Master, at the request of Counsel for Defendant, certified to this Court a portion of the Minutes to enable the Defendant to obtain the opinion and direction of the Court, on the question involved, at that stage of the proceedings.

Based on such certificate filed on March 22, 1915, the Defend-
29 ant moved to exclude certain evidence.

On or about May 20th, 1915, the matter was argued before the Court by Counsel representing the respective parties.

On or about July 2nd, 1915, this Court filed a memorandum opinion, granting Defendant's motion to exclude evidence, and the order to that effect was filed on or about July 13th 1915.

On or about July 20th, 1915, the plaintiff filed a Petition for re-hearing, and the petition was allowed on the same day.

Ever since the last mentioned date, the plaintiffs have actively been attempting to obtain an argument on the re-hearing which had thus been allowed.

On or about January 27th, 1916, this Court designated Monday, February 7th, 1916, at 11 A. M., as the day and hour for such hearing.

On Saturday, February 8th, 1916, my office in New York, out of abundant precaution, telephoned to the office of C. Bradford Fraley, Esq., in Philadelphia, (who is Solicitor and of Counsel for the plaintiffs in this cause), to inquire whether any change had been made in the day of hearing. I am informed by Mr. James H. Bell, of Mr. Fraley's office, and I believe that he on that morning made such inquiry at the office of the Clerk of this Court and was advised that no change had been made.

On the evening of Sunday, February 6th, 1916, I came from New
York to Philadelphia to be ready for the argument this
30 morning.

Before going to Court this morning, I stopped at Mr. Fraley's office, and was there advised by Mr. Bell that he had, late last night, for the first time been informed by the Clerk of this Court, that the hearing was postponed. This was the first intimation I received from any source as to any postponement. I then went to Court and spoke with Judge Thompson in the Court Room. He told me that Judge Beitler, of Counsel for Defendant in this cause, had told him, on a date of which I am not advised, that the questions involved in this case were to be to-day argued before the Circuit Court of Appeals for the Second Circuit, and that, in view thereof, a postponement of the hearing in this case was requested and granted.

That case in the Second Circuit is between entirely different parties, so that whatever decision may be rendered there will not be binding upon the parties to this cause, nor, in my opinion, are the facts in that case such that the determination of the issues there presented will necessarily afford any precedent for a decision here.

This Court in granting such postponement would of course and naturally assume that notice had been given to the plaintiff's representative, or that there was some agreement between Counsel with regard to it. But such was not the case.

No notice that an application for postponement was to be made was given to me; nor was such notice given to any one in my
31 office nor to Mr. Fraley's or anyone in his office, as I am informed and believe as a result of inquiries made to-day, nor was any notice that a postponement was granted given to me, until this morning, nor, as I am informed and believe, to anyone representing the plaintiff until late last night, (Sunday). Had I known of the intended application of defendant for a postponement, I would have appeared and opposed such application.

CHARLES NEAVE.

Subscribed and sworn to before me this seventh day of February, 1916.

[SEAL.] JAMES H. BELL,
Notary Public.

Commission Expires February 16, 1919.

(Endorsed:) District Court of United States, Eastern District of Pennsylvania. International Curtis Steam Turbine Company et al., Plaintiffs, vs. William Cramp & Sons Ship and Engine Building Company, Defendant. Notice of Motion for Hearing on Questions certified by Master and Affidavit in support thereof. C. Bradford Fraley, for Plaintiffs.

Filed Feb. 8, 1916. Wm. W. Craig, Clerk, per L., Deputy Clerk.

32 District Court of the United States, Eastern District of Pennsylvania.

INTERNATIONAL CURTIS MARINE TURBINE COMPANY et al., Plaintiffs,

vs.

WILLIAM CRAMP & SONS SHIP AND ENGINE BUILDING COMPANY, Defendant.

Notice.

To Abraham M. Beitler, Esq., and C. V. Edwards, Esq.:

Please take notice that upon the motion for an order fixing an early date for the hearing by the Court on the questions certified to the Court by the Master, on March 18, 1916, notice of which motion was served upon you yesterday, we shall also rely upon the an-

nexed affidavit of Charles Neave, verified February 8, 1916, a copy of which is herewith served upon you.

New York, February 8, 1916.

CHARLES NEAVE,
W. G. McK.,
Counsel for Plaintiffs.

Service acknowledged this 5th day of February, 1916.

C. V. EDWARDS,
Solicitor and of Counsel for Defendant.

33 District Court of the United States, Eastern District of Pennsylvania.

INTERNATIONAL CURTIS MARINE TURBINE COMPANY et al., Plaintiffs,

vs.

WILLIAM CRAMP & SONS SHIP AND ENGINE BUILDING COMPANY, Defendant.

Affidavit of Charles Neave.

STATE OF NEW YORK,
County of New York, ss:

On this 8th day of February, 1916, personally appeared before me, Charles Neave, who being by me duly sworn did depose and say:

Yesterday, February 7, 1916, while in Philadelphia, I verified before James H. Bell, a Notary Public, an affidavit to be used on a motion to be made by the plaintiffs herein for an order fixing the time for an early hearing on the questions certified to this Court by the Master on March 18, 1915. At the time I made the affidavit in Philadelphia I did not have with me all of the papers in the case, and upon my return to my office yesterday morning I refreshed my recollection and found in my files a letter written October 22,
34 1915, by Mr. Broadbeck, Deputy Clerk of this Court, which letter is as follows:

"Clerk's Office, District Court United States, Eastern District of Penna.

"Philadelphia, 22 October, 1915.

"Messrs. Fish, Richardson, Herrick & Neave, 5 Nassau Street, New York City.

"DEAR SIR: I beg to advise you that Judge Thompson has fixed "Thursday, November 4, at 11 A. M., for hearing in the case of In-

"ternational Curtis Marine Turbine Company, et al., v. Cramp, No.
"263.

"Please acknowledge receipt of this letter, and oblige,

"Yours very truly,

"GEORGE BROADBECK,
"Deputy Clerk.

"Attention of William G. McKnight, Esq."

I find that subsequent to the receipt of this letter from Mr. Broadbeck Mr. McKnight prepared the following letters, addressed to Mr. Broadbeck, and the letters were mailed by my office:

"October 23, 1915.

"George Broadbeck, Esq., Deputy Clerk, Post Office Building, Philadelphia, Penna.

"DEAR MR. BROADBECK: I have your letter of October 22 advis-
"ing me that Judge Thompson has fixed Thursday, November 4,
"at 11 A. M., for a rehearing in Curtis v. Cramp, and I am very
"much obliged to you for your letter and, so far as I now know, the
"date will suit Mr. Neave and myself.

"Very truly yours,

"WILLIAM G. McKNIGHT."

35 "November 3, 1915.

"George Broadbeck, Esq., Deputy Clerk, P. O. Building, Philadelphia, Pennsylvania.

"MY DEAR MR. BROADBECK:

"Re Curtis vs. Cramp.

"Mr. Edwards informed me today that he started the trial of a
"case before Judge Chatfield in Brooklyn today, which would con-
"tinue through tomorrow, and that he would, therefore, not be able
"to argue the above case before Judge Thompson set for Thursday at
"11 A. M.

"I am writing you so that you will understand that we were ready
"to proceed with the re-argument, but of course could not oppose Mr.
"Edwards' request for a postponement, in view of his being actually
"engaged in the trial of another case.

"Very truly yours,

WILLIAM McKNIGHT."

CHARLES NEAVE.

Subscribed and sworn to before me, this 8th day of February, 1916.

[SEAL.] MAXWELL BARUS,
Notary Public, N. Y. Co., No. 368.

My commission expires Mar. 30, 1916.

(Endorsed:) United States District Court, Eastern District of Pennsylvania. International Curtis Marine Turbine Company et al., Plaintiffs, vs. William Cramp & Sons Ship and Engine Building Company, Defendant. Notice and Affidavit. Charles Neave, Esq., Counsel for Plaintiff, 5 Nassau Street, New York City.

Filed Feby. 9, 1916 Wm. W. Craig, Clerk, by L., Deputy.

36 In the District Court of the United States for the Eastern District of Pennsylvania.

In Equity.

No. 263.

INTERNATIONAL CURTIS MARINE TURBINE COMPANY and CURTIS MARINE TURBINE COMPANY OF THE UNITED STATES

v.

WILLIAM CRAMP & SONS SHIP AND ENGINE BUILDING COMPANY.

Upon Rehearing Sur Defendant's Motion to Exclude Evidence Before the Special Master.

THOMPSON, *J.*:

Since the argument upon the re-hearing, the Circuit Court of Appeals for the Second Circuit has affirmed the decree of Judge Hough in the case of Missouri Wireless Telegraph Company of America v. Emil J. Simon, upon Judge Hough's opinion, Judge Ward dissenting.

Judge Hough in his opinion said:

"The questions therefore become the following: (1) What is the legal position of the sovereign in respect of patent rights granted by itself under the Act of 1910? (2) How does that act, or more accurately the legal position of the United States thereunder, affect or protect an independent contractor?

So far as the first query is concerned it has been fully and finally answered by Crozier v. Krupp, (224 U. S., at 305), which holds that having regard to 'the undoubted authority of the United States as to such subjects (as patents) to exercise the powers of eminent domain, the statute * * * provides for the appropriation of a license to use the inventions, the appropriation thus made being sanctioned by means of compensation for which the statute provides.

37 It may in some sense be true, as is urged by the plaintiff, that the act is remedial and does not disturb any of the rights of a patentee which existed before its passage. But it is also true that if the act creates a legal status the relation of the holder of that status to the rest of the world is affected by the statute, whether such change or modification of relation be specifically mentioned or described in the act or not.

The Supreme Court has defined the somewhat inartificial language of the statute. What the act contemplates being done by the United States is to use an invention 'described in and covered by a patent.' This is held to be equivalent to the expropriation or appropriation of a 'license to use the inventions.' This means a license in its widest sense, i. e., both to make and to use, and possibly to sell, but certainly both to make and to use.

In this instance the navy, through its officers, has appropriated by right of eminent domain a license to make and use any and all articles covered by the patent in suit. It could plainly make them in its own yards or other work places by its hired employees or permanent officers. It could take Simon into its employment at a stated stipend, and it could even make that stipend the exact amount of his estimated profit under the contract. If this had been done the plaintiff could certainly do nothing but institute an action in the Court of Claims. Simon would be as immune as an admiral. However repugnant to business and professional feeling this method of riding roughshod over the rights of a patentee may be, it is difficult for me to perceive that there is any substantial difference between what the government admittedly might have done and what it has done in respect of this contract. Any distinction drawn between doing an infringing job by day's work and doing the same job by contract is without substance.

But it is said (and here hangs the plaintiff's whole case) that before the Act of 1910 the holder of a patent could sue a contractor with the government for infringement as fully and freely as he could any one else, provided always that he did not by injunction or otherwise interfere with government possession of anything (however obnoxious to the patentee's rights) actually in governmental use (Brady v. Atlantic Works, supra; International, &c., Co. v. Cramp, 211 Fed. Rep. 124, and cases therein cited). In my opinion this is true, but not so as to the corrollary stated by plaintiff, viz., that since this right existed before the Act of 1910 and is not explicitly taken away by that statute, it must still survive as fully as of old. If the reason of the law fails, the law ought to fail with it; this maxim seems to me to apply very forcibly here. The reason for permitting actions for infringement by private parties against government contractors was that since infringement was a tort, and the United States had never consented to be sued in tort, patentees were without remedy. Now they have such remedy under the statute, and cannot take what the statute gives (or imposes)
38 and retain what they had before if it interferes with governmental enjoyment of its license.

The United States has a license under this patent to make, use and perhaps to sell, to any extent deemed beneficial to the Commonwealth, and without any territorial or other limitation upon its right. A licensee to make and use is not (in the absence of specific language in his license) limited to making with his own hands, in his own shop, or by his own employees. He may employ, procure or contract with as many persons as he chooses to supply him with that which he may lawfully use, provided such conduct does not

change his relation to the licensor. In my opinion this is exactly what the government has done here, and Simon is not an infringer because he is supplying lawful goods to a lawful licensee (Foster Hose Supporter Co. v. Taylor Co., 191 Fed. Rep., 1003)."

The decision of the Circuit Court of Appeals for the Second Circuit adopting the opinion of Judge Hough is to be regarded as decisive of the question here raised, unless the Circuit Court of Appeals for this Circuit in its opinion and decree ordering an accounting determined as the law of this case that, in a suit by a patentee against an independent contractor, an accounting should be had of profits accruing in making turbine engines for torpedo boat destroyers for the government under contracts entered into after June 25, 1910.

The present suit was commenced in 1909, and the contracts under consideration upon the appeal were Nos. 30 and 31, entered into in 1908. There was apparently nothing before the court relating to contracts with the Government subsequent to the passage of the Act of June 25, 1910, and there is no discussion of any such transactions by the Court in its opinion. Contracts Nos. 47, 48, 49 and 50 were not entered into until 1911, and it is apparent that the sole
39 question before the court, where the question of jurisdiction was discussed, was one of equitable jurisdiction of a suit begun prior to the Act of June 25, 1910. This is apparent from the following language in Judge Buffington's opinion (211 Fed. at page 152):

"Since the litigation began, the two torpedo boat destroyers referred to have been finished and delivered to the government, and the plaintiffs do not now ask that the decree shall in any wise be directed against these vessels, or against the government in respect thereof. The bill contains no averment that the defendant is building or threatening to build infringing turbines for commercial use; only certain ships of war are involved in the suit; and, for reasons to be briefly stated, we are of opinion that no jurisdiction should now be granted. We do not agree that the court below should have dismissed the bill for want of jurisdiction. Neither the United States now nor one of its officers is a party defendant, but the suit is brought solely against a private corporation that had contracted to do certain public work.

The bill was filed in 1909, and we think there was then no doubt that the court below had the right to entertain it.

* * * * * * *

But since the suit was brought, the act of 1910 has been passed, and has been interpreted by the Supreme Court in the recent case of Crozier v. Krupp, 224 U. S. 290, 32 Sup. Ct. 488, 56 L. Ed. 771. This statute, we think, furnishes a practical solution of the questions arising upon this branch of the case. Even if the plaintiffs did not disclaim the desire to interfere with the government's possession of the vessels, there is no longer any ground upon which a final injunction can be properly rested, even in a suit against a contractor with the government, where the dispute concerns such

property as vessels of war. If the United States has infringed, or shall hereafter infringe, the patents that we have been considering, the act of 1910 permits the plaintiffs to sue in the Court of Claims. Crozier v. Krupp, supra. And if the defendant shall undertake to infringe hereafter by making offending turbines for commercial use, relief can be obtained by another suit."

It seems to be conclusive, therefore, that the Circuit Court of Appeals had not before it in the consideration and decision of the case the situation now presented, and that its order for an account-
40 ing should not be construed as intended to include an inquiry whether the turbine engines in torpedo boat destroyers made by the defendant under contracts with the Government entered into since June 25, 1910, infringed the plaintiffs' patent (as would have been the inquiry but for the provisions of the Act of 1910, and, if found to be infringements, an inquiry and report regarding the defendant's profits. There was no decision by the Circuit Court of Appeals that the license acquired by the United States by right of eminent domain to use the invention of the plaintiffs' patent was not a license under the broad signification of the term "license to use," including the right to make and use, as was held by the Special Master in overruling the objection of the defendant to any inquiry into any transaction under contracts Nos. 47, 48, 49 and 50.

The Court will therefore follow the construction of the Act of 1910, adopted in Marconi Wireless Telegraph Company of America v. Simon, applying the doctrine of Crozier v. Krupp to a suit by a patentee against an independent contractor with the Government. It is therefore held that the defendant is not, as to the contracts entered into since June 25, 1910, an infringer, and is not liable to an accounting for anything done under those contracts, and that the Special Master was in error in overruling the motion of the defendant to exclude from its accounting the profits, if any, made by defendant for building turbine engines under contracts 47, 48, 49 and 50.

41 It is ordered that the action of the Special Master in overruling the defendant's objection be overruled, and that the defendant's objection be sustained, without prejudice, as noted in the memorandum opinion filed July 2, 1915.

(Endorsed:) U. S. D. C., E. D. of Pennsylvania. 263. International Curtis Marine Turbine Company and Curtis Marine Turbine Company of the United States vs. Cramp. Opinion, Thompson, J. overruling action of Special Master in overruling defendant's objection, etc.

Filed Mar. 21, 1916. Wm. W. Craig, Clerk, by L., Deputy Clerk.

42 UNITED STATES OF AMERICA,
Eastern District of Pennsylvania, set:

I, William W. Craig, Clerk of the District Court of the United States for the Eastern District of Pennsylvania, do hereby certify

that the annexed and foregoing is a true and faithful copy of Docket Entries from May 3, 1912, to date; Decree on Mandate of U. S. Circuit Court of Appeals; Certificate of Master; Opinion, Thompson, J., filed July 2, 1915; Order Granting Defendant's Motion to Exclude Certain Evidence; Plaintiff's Petition for rehearing and Order thereon; Notice of Motion for Rehearing on Questions Certified by Master and affidavit in support thereof, filed February 8, 1916; Notice and Affidavit, filed February 9, 1916; Opinion, Thompson, J., Overruling Action of Special Master in Overruling Defendant's Objection, etc., filed March 21, 1916, in the case of International Curtis Marine Company and Curtis Marine Turbine Company of the United States vs. William Cramp & Sons Ship and Engine Building Company, No. 263, April Sessions 1909, now remaining among the records of the said Court in my office.

In testimony whereof, I have hereunto subscribed my name and affixed the seal of the said District Court at Philadelphia, this twenty-fifth day of May, in the year of our Lord one thousand, nine hundred and sixteen and in the one hundred and fortieth year of the Independence of the United States.

WILLIAM W. CRAIG,
Clerk District Court U. S.,
By GEORGE BRODBECK,
Deputy Clerk.

43 United States Circuit Court of Appeals for the Third Circuit, March Term, 1916.

INTERNATIONAL MARINE TURBINE COMPANY and CURTIS MARINE TURBINE COMPANY OF THE UNITED STATES, Petitioners,

vs.

WILLIAM CRAMP & SONS SHIP AND ENGINE BUILDING COMPANY, Respondent.

Petition for Writ of Certiorari or Writ of Mandamus from the United States Circuit Court of Appeals for the Third Circuit to the United States District Court for the Eastern District of Pennsylvania.

To the Honorable Judges of the United States Circuit Court of Appeals for the Third Circuit:

Your petitioners, International Marine Turbine Company and Curtis Marine Turbine Company of the United States, respectively represent as follows:

Your petitioners brought suit in equity against the respondent in the United States District Court for the Eastern District of
44 Pennsylvania, alleging infringement of certain Letters Patent, among which was patent No. 566,969. This Court considered the validity and infringement of said patent upon appeal from a decree of said District Court dismissing the bill; thereafter

and for reasons which it is not necessary here to relate, the said appeal was reargued before this Court and in a second opinion filed February 16, 1914, this Court held said Letters Patent 566,969 to be valid and infringed and ordered an accounting but denied an injunction. The bill of complaint herein alleged that the defendant did before the commencement of the suit—

"* * * offer in writing accompanied by plans and specifications to make for and to sell to the United States Government, elastic fluid turbines for propelling ships * * * employing and containing the inventions set forth in each and all of the several Letters Patent; that the offer so made by the defendant has been accepted by the United States Government; that the defendant is at present under contract to make such infringing elastic fluid turbines; that the work of construction of such infringing turbines is now being proceeded with by said defendant within the Eastern District of Pennsylvania and elsewhere in the United States for the purpose of furnishing the same to the United States Government under the said contract; that all of said acts and doings by the defendant have been and are without license or allowance and against the will of your orators and in violation of their rights * * *."

The said contracts were for the building of torpedo boat destroyers Nos. 30 and 31, and, since the litigation commenced and prior to the said opinion of this Court, the said destroyers were furnished and delivered to the Government. The reason why this Court denied to the petitioners the right to an injunction is set forth in the said opinion as follows:

"But since the suit was brought the Act of 1910 has been passed,
and has been interpreted by the Supreme Court in the re-
45 cent case of Crozier vs. Krupp, 224 U. S., 290. This statute
we think furnishes a practical solution of the questions arising upon this branch of the case. Even if the plaintiffs did not disclaim the desire to interfere with the Government's possession of the vessels, there is no longer any ground upon which a final injunction can be properly rested even in a suit against a contractor with the Government where the dispute concerns such property as vessels of war. If the United States has infringed or shall hereafter infringe the patents that we have been considering the Act of 1910 permits the plaintiffs to sue in the Court of Claims. Crozier vs. Krupp, and if the defendant shall undertake to infringe hereafter by making offending turbines for commercial use, relief can be obtained by another suit.

"The plaintiffs are entitled to a decree sustaining patent No. 566,969, so *for* as indicated in the foregoing opinion, and ordering an account, but an injunction will be denied."

2. Thereafter the mandate of this Court was filed in the office of the clerk of the said District Court and an interlocutory decree was entered, adjudging said Letters Patent 566,969 to be good and valid and that the respondent has infringed upon claims 1 to 9, inclusive, and 11 thereof, and further adjudging and decreeing that your petitioners recover of the respondent the profits, gains and advantages derived, received or made by them by reason of said infringement,

and any and all damages which your petitioners or either of them have sustained by reason of said infringement; and the matter was referred to Hector T. Fenton, Esq., as Master of this Court, to take and state the account of said profits and damages.

Thereafter proceedings were had before said Master and, upon an order entered by him, the defendant herein filed with the
46 Master a debit and credit account with reference to said torpedo boat destroyers Nos. 30 and 31. Your petitioners offered to prove other and subsequent infringing acts by the respondent, and offered in evidence before said Master certified copies of certain contracts, each dated September 7, 1911, between the defendant and the United States for the construction of torpedo boat destroyers Nos. 47, 48, 49 and 50, and called for the production of the drawings plans and specifications referred to herein, and forming a part thereof, and also the proposal prepared by the respondent and submitted to the Government in connection with each of said contracts, your petitioners intending to show by these plans, specifications and drawings that the turbines called for by the said contracts are substantially identical with those held by this Court to be infringing devices, and that the respondent is, therefore, liable for the profits it has made or the damages your petitioners have suffered.

The respondent objected to the admission in evidence of these contracts, and to the production of the proposals, drawings, plans and specifications on the ground that they were immaterial and irrelevant when "the contracts on their face are subsequent to the passage of the Act of June 25, 1910, upon which date the Government acquired a license to use the invention of the patent in suit; consequently the making of these devices upon the order of the Government did not constitute an infringing transaction." The Master, after hearing argument and reargument of the question by counsel, overruled the respondent's objection, but, at the request of respondent's counsel, certified the question to the United States District Court for the Eastern District of Pennsylvania, for its opinion, and, upon the Master's certificate of the pertinent portions of the record, the respondent applied to the said District Court to instruct the Master that the respondent's objections should be sustained.

47 3. After oral argument and the submission of printed briefs by the parties, the United States District Court for the Eastern District of Pennsylvania on June 2, 1915, filed its decision allowing respondent's motion to exclude the said evidence before the Master. Thereupon your petitioners filed with the said District Court a petition for re-hearing which was granted and, after oral argument and the submission of printed briefs, the said District Court adhered to its former decision.

The Act of June 25, 1910, upon which the respondent relied in support of its said objection to the admission of certain contracts in evidence, is as follows:

"An Act to Provide Additional Protection for Owners of Patents of the United States and for Other Purposes.

"Be it enacted by the Senate and House of Representatives of the United States of America in Congress Assembled, that whenever an invention described in and covered by a patent of the United States shall hereafter be used by the United States without license of the owner thereof or lawful right to use the same, such owner may recover reasonable compensation for such use by suit in the Court of Claims; provided however, that said Court of Claims shall not entertain a suit or reward (sic) compensation under the provisions of this Act where the claim for compensation is based on the use by the United States of any article heretofore owned, leased, used by or in the possession of the United States; provided further that in any such suit the United States may avail itself of any and all defenses general and special which might be pleaded by a defendant in an action for infringement as set forth in Title 60 of the Revised Statutes or otherwise; and provided further that the benefits of this Act shall not endure to any patentee who, when he makes such claims, is in the employment or service of the Government of the United States, or the assignee of such patentee, nor shall this Act
48 apply to any devices discovered or invented by such employee during the time of his employment or service."

In view of the foregoing your petitioners respectfully submit the following reasons why the decision of the United States District Court for the Eastern District of Pennsylvania should be brought here for review by this Court:

The opinion of this Court ordered an account of profits and damages and did not limit the scope of said accounting to the infringing acts committed prior to the passage of the Act of June, 1910, but, in view of the said decision of the District Court for the Eastern District of Pennsylvania, the accounting has been limited to such infringing acts as were committed prior to the passage of said Act and has excluded all evidence with respect to infringing acts committed subsequent to the date of said Act. Unless this Court affords relief to your petitioners, and consents now to review the said decision, your petitioners will be obliged to proceed with the accounting herein with respect to said torpedo boat destroyers Nos. 30 and 31, contracted for prior to the passage of said Act, and then appeal to this Court from the final decree entered herein; should this Court then disagree with the decision of the said District Court, it would become necessary to send the entire case back to the Master to take the evidence which had been excluded.

It is your petitioners' belief that this Court should at this time undertake to review the said decision of the District Court and instruct it as to the scope of the accounting which this Court has heretofore ordered, in order that time and expense may be saved to the parties hereto and that your petitioners may be advised as to their rights and remedies in said accounting proceeding.

A certified copy of the record herein is filed as part of this application.

49 Wherefore your petitioners believe that this Honorable Court will be pleased to grant a writ of certiorari or a writ of mandamus directed to the United States District Court for the Eastern District of Pennsylvania.

May, 1916.

——— ———,
Solicitor for Petitioners.
CHARLES NEAVE,
Of Counsel.

Certificate.

I hereby certify that I am counsel for the petitioners herein, International Marine Turbine Company and Curtis Marine Turbine Company of the United States; that the allegations of fact contained in said petition are true, and that said petition is in my opinion well founded in law as well as in fact.

CHARLES NEAVE.

Received & Filed May 24, 1916. Saunders Lewis, Jr., Clerk.

50 In the United States Circuit Court of Appeals for the Third Circuit.

No. 2126.

INTERNATIONAL CURTIS MARINE TURBINE COMPANY et al., Plaintiffs,

vs.

WILLIAM CRAMP & SONS SHIP AND ENGINE BUILDING COMPANY, Defendant.

Sur Petition for Writ of Certiorari or Mandamus.

Before Buffington and Woolley, Circuit Judges.

BUFFINGTON, *J.*:

This application for a mandamus or other appropriate process in effect asks us to reverse the ruling of the court below, which is reported in International Curtis Marine Turbine Co. vs. Cramp & Sons, 232 Fed. Rep. 166, and to direct the master to proceed on an accounting for contracts Nos. 47, 48, 49, and 50, made by the defendant with the United States Government. The question passed upon by the court below in that decision is as we view it, involved in a case in the Second Circuit, Marconi Co. vs. Simon, 231 Fed. Rep. 1021. This latter case is now under review by the Supreme Court of the United States on certiorari at No. 485 of October Term

1916. As a decision therein will settle the case pending before us it seems proper for this court to await the action of the Supreme
51 Court. In view however of the fact that the press of business of that court may prevent an early hearing and decision of the case pending before it we will, without passing on the merits of the case now pending before us, for the interim, direct the court below to enter an order directing the master to proceed to an accounting upon contracts Nos. 47, 48, 49 and 50, keeping the proofs and proceedings thereunder separate from those under contracts Nos. 30 and 31. By following this course the delay and loss of time which would result in the case in this Circuit if the view of the Second Circuit is sustained, will be avoided and in case the view held by the court below is sustained the present order will only have involved costs for which the plaintiff will of course be liable.

The case will therefore be retained in this court for the time being to await the decision of the Supreme Court, but pending such time the court below will enter an order directing the master to proceed in the accounting upon contracts Nos. 47, 48, 49 and 50, as above indicated.

Endorsed: No. 2126. Opinion of the Court by Buffington, J. Received and filed Jan. 11, 1917. Saunders Lewis, Jr., Clerk.

52 At a Stated Term of the United States Circuit Court of Appeals for the Third Circuit, Held at the Court-rooms of said Court, in the Post Office Building, Philadelphia, Pa., on the — day of January, 1917.

Present: Hon. Joseph Buffington, Circuit Judge.

INTERNATIONAL CURTIS MARINE TURBINE COMPANY et al., Plaintiffs,

vs.

WILLIAM CRAMP & SONS SHIP AND ENGINE BUILDING COMPANY, Defendant.

Order on Petition for Writ of Certiorari or Mandamus.

Upon the petition of the plaintiffs for a writ of certiorari or mandamus and brief in support thereof, and after consideration, it is

Ordered, adjudged and decreed that this Court will retain jurisdiction of this cause pending the hearing and determination by the Supreme Court of the United States of the case of Marconi Company vs. Simon, now pending in said Court, but the United States District Court for the Eastern District of Pennsylvania is directed to enter an order directing the Master to proceed with the accounting herein with respect to contracts Nos. 47, 48, 49 and 50, and such other contracts as have been already offered in evidence by the plaintiffs.

Feb. 2, 1917.

JOS. BUFFINGTON,
U. S. Judge.

53 UNITED STATES OF AMERICA,
Eastern District of Pennsylvania,
Third Judicial Circuit, set:

I, Saunders Lewis, Jr., Clerk of the United States Circuit Court of Appeals, for the Third Circuit, do hereby Certify the foregoing to be a true and faithful copy of the original transcript of record and proceedings in this Court in the case of International Curtis Marine Turbine Company et al. vs. William Cramp & Sons Ship and Engine Building Company, No. 2126, on file, and now remaining among the records of the said Court, in my office.

In Testimony Whereof, I have hereunto subscribed my name and affixed the seal of the said Court, at Philadelphia, this second day of February, in the year of our Lord one thousand nine hundred and seventeen and of the Independence of the United States the one hundred and forty-first.

[Seal United States Circuit Court of Appeals, Third Circuit.]

SAUNDERS LEWIS, JR.,
Clerk of the U. S. Circuit Court of Appeals, Third Circuit.

54 919—25749.

Supreme Court of the United States, October Term, 1916.

WILLIA CRAMP & SONS SHIP & ENGINE BUILDING COMPANY, Petitioner,

vs.

INTERNATIONAL CURTIS MARINE TURBINE COMPANY and CURTIS MARINE TURBINE COMPANY OF THE UNITED STATES, Respondents.

Stipulation.

Whereas, the defendant has filed in this court a petition for a writ of certiorari to the United States Court of Appeals for the Third Circuit and a transcript of record certified by the clerk of said Circuit Court of Appeals, and

Whereas, said record does not contain a copy of the contracts for torpedo boat destroyers Nos. 47, 48, 49 and 50, offered in evidence before the Master by the plaintiff, and objected to by the defendant, said offer and objection being the basis for these proceedings, and

Whereas, said contracts are for the purposes of these proceedings substantially alike, and

Whereas, said contract for torpedo boat destroyer No. 47 was presented to said Circuit Court of Appeals and the lower tribunals

respectively for their consideration, and should in the judgment of counsel for both parties have been made a part of the official record herein, and was apparently omitted therefrom by accident, when the Master, who referred to the contract in his cer-
55 tificate (Rec., p. 17) filed the documents with the clerk of the District Court.

Now therefore, it is stipulated and agreed that said transcript of record may be amended by adding thereto a copy of said contract for torpedo boat No. 50.

CLIFTON V. EDWARDS,
Counsel for Petitioner.
CHARLES NEAVE,
W. G. McKNIGHT,
Counsel for Respondents.

C. U.

PLAINTIFF'S EXHIBIT 4 FOR IDENTIFICATION.

United States of America,

Department of the Interior.

Washington, D. C.,

September 17, 1914.

Pursuant to Section 882 of the Revised Statutes, I hereby certify that the annexed copy of the contract made by R. F. Nicholson, Acting Secretary of the Navy, with William Cramp & Sons Ship & Engine Building Co., September 7, 1911, for the construction of Torpedo Boat Destroyer No. 50, is a true copy of the same as it appears on file in this Department.

In testimony whereof, I have hereunto subscribed my name, and caused the seal of the Department of the Interior to be affixed, the day and year first above written.

[SEAL.]

B. O. SWEENEY,
Assistant Secretary of the Interior.

H. T.

56 (*Copy of Contract with the William Cramp & Sons Ship and Engine Building Company for the Construction of Torpedo Boat Destroyer No. 50.*)

28189-1.

L.

Department of the Interior,

Returns Office.

Recd. Oct. 28, 1911.
Ackd.
Series 1911, Navy Dept. 2 1 3 33.
R. E. S.
Sept. 7.

Affidavit.

I do solemnly swear (or affirm) that the copy of contract hereto annexed is an exact copy of a contract made by me personally with The William Cramp & Sons Ship and Engine Building Company, represented by Harry W. Hand, as Vice-President, that I made the same fairly; without any benefit or advantage to myself, or allowing any such benefit or advantage corruptly to the said The William Cramp & Sons Ship and Engine Building Company, Harry W. Hand, or any other person; and that the papers accompanying include all those relating to the said contract, as required by the statute in such case made and provided.

R. F. NICHOLSON,
Acting Secretary of the Navy.

On this 26th day of October, A. D. 1911, before me, Ralph T. Bartlett, a Notary Public, personally appeared R. F. Nicholson, Actg. Secy. of the Navy, and took and subscribed the foregoing affidavit.

[SEAL.] RALPH T. BARTLETT,
Notary Public.

57 (Copy Dr.)

[Nos. 43 to 50.]

Contract for the Construction of Torpedo Boat Destroyer No. 50, of about 1036 Tons Trial Displacement.

Contract, of two parts, made and concluded this 7th day of September, A. D. 1911, by and between The William Cramp and Sons Ship and Engine Building Company, a corporation created under the laws of the State of Pennsylvania, and doing business at Philadelphia, represented by the Vice-President of said Company, party of the first part, and the United States, represented by the Secretary of the Navy, party of the second part;

Acts of Congress.

Whereas the act of Congress making appropriations for the naval service for the fiscal year ending June 30, 1912, approved March 4, 1911, authorized the construction of eight torpedo boat destroyers, which are to be built in accordance with certain provisions contained in the act entitled "An act to increase the naval establishment," approved August 3, 1886, and to be in all their parts of domestic manufacture; and

Whereas, after due advertisement, the proposal of the said party of the first part for the construction of one of said vessels, complete in all respects, with the exceptions noted in the specifications, which vessel, is for the purposes of this contract, designated and known as Torpedo Boat Destroyer No. 50, has been accepted by the Secretary of the Navy; and

Whereas, the drawings, plans, and specifications required
58 by the said acts of Congress have been duly provided, adopted, and approved in accordance with the provisions thereof;

Now, therefore, this contract witnesseth, That, in consideration of the premises and for and in consideration of the payments to be made as hereinafter provided, the party of the first part, for itself and its successors and assigns, and its legal representatives does hereby covenant and agree to and with the party of the second part as follows—that is to say:

First. The party of the first part will at its own risk and expense, construct, in accordance with the provisions of the acts of Congress relating thereto, and in conformity with the aforesaid drawings, plans, and specifications, including duly authorized changes therein, one torpedo boat destroyer of about 1036 tons trial displacement; such vessel to be constructed of steel of domestic manufacture, of the quality and characteristics best adapted to the various purposes for which it may be used, in accordance with specifications approved by the Secretary of the Navy: Provided, Contracts for furnishing the same in a reasonable time, at a reasonable price, and of the required quality can be made with responsible parties, and to be provided and fitted with machinery, engines, and boilers, also of domestic manufacture, complete in all their parts, appurtenances, and spare parts, and in all respects as described in the annexed drawings, plans, and specifications, including duly authorized changes therein, and in the acts of Congress above mentioned, and will deliver the vessel to the Commandant, Navy Yard, Philadelphia, Penna.

Place of Delivery—Domestic Material.

Second. It is, however, expressly understood and agreed that if any article or thing included in, or covered by, the draw-
59 ings, plans, and specifications aforesaid shall be found, during the prosecution of the work under this contract, to be not produced or manufactured in the United States, excepting steel

as above stated, and if, after reasonable effort, it shall be found impracticable to obtain the same as an article of domestic manufacture, then, and in such case, provision shall be made, by or with the approval of the Secretary of the Navy, for such alteration in the drawings, plans, and specifications, or for the adoption of such new or different device or plan as may be found necessary in order to carry out and complete the contract, subject, as to increased or diminished compensation by reason of such changes, to the conditions applicable to changes as expressed in the third clause of this contract.

Conform to Plans and Specifications—Omissions—Changes—Board on Changes—Reimbursement to Contractors for Delays Caused by Changes.

Third. The construction of said vessel (the word vessel as used throughout this contract being intended to include everything covered by the drawings, plans, and specifications above referred to) shall conform in all respects to and with said drawings, plans, and specifications, including duly authorized changes therein, which are hereto annexed and shall be deemed and taken as forming a part of this contract with the like operation and effect as if the same were incorporated herein. No omission in the drawings, plans, or specifications of any detail, object, or provision necessary to carry this contract into full and complete effect, in accordance with the object and intent of the acts of Congress above referred to, shall operate to the disadvantage of the party of the second part, but the same shall be satisfactorily supplied, performed, and observed by the party of the first part, and all claims for extra compensation by reason of, or for, or on account of, such extra performance, are hereby and in consideration of the premises expressly waived; and it is hereby further provided, and this contract is upon the express condition, that the drawings, plans, and specifications aforesaid may be changed, and that such changes as are not contrary to law may be made in this contract, by the party of the second part, but no such changes shall be made when the cost thereof shall in the execution of the work exceed five hundred dollars ($500), except on the written order of the Secretary of the Navy; that, if changes are thus made, the actual cost thereof, and the damage, if any, caused thereby, shall be ascertained, estimated, and determined by a board of naval officers, appointed by the Secretary of the Navy, and that the party of the first part shall be bound by the determination of said board, or a majority thereof, as to the amount of increased or diminished compensation the said party of the first part shall be entitled to receive, if any, in consequence of such change or changes: Provided, That the time herein stipulated for the completion of the vessel is intended to cover such changes as may be ordered by the party of the second part in the work covered by this contract, within the time and in the order necessary to enable the party of the first part to carry on the work to comple-

tion within the prescribed period, not exceeding a total increased cost, as determined by the board on changes, of five (5) per cent of the price of the vessel. Should any change necessarily delay the general completion of the vessel, the Secretary of the Navy shall have authority to consider and adjust any question of damages due to changes necessitating continuance of the work beyond the prescribed period, in addition to the awards of the board on changes:

Provided, however, That no claim for delay or damages
61 caused by any change shall be considered by the Secretary of the Navy unless the party of the first part shall, within ten days after receipt of the order for such change, notify him in writing that the work will be delayed thereby, stating the grounds therefor, the extent of such delay, and the amount of damages claimed on account thereof; and that no allowance shall be made for any such delay or damage in excess of that so claimed by the party of the first part: And, provided further, That in no case shall such sums allowed for each day's delay in completion attributed by the Secretary of the Navy to the Government by reason of changes exceed an amount equal to the sums prescribed as deductions per day for delay in completion against the party of the first part in the tenth clause hereof.

Armament.

Fourth. The armament and ordnance outfit complete will be supplied by the party of the second part, but will be installed by and at the expense of the party of the first part in accordance with the specifications forming part of this contract.

Materials and Workmanship.

Fifth. The materials and workmanship used and applied in the construction of the vessel herein contracted for, in details and finish, shall be first-class and of the very best quality, and shall, from the beginning to the end of the work, be subject to the inspection of the Secretary of the Navy, it being hereby understood, covenanted, and agreed that the said Secretary may appoint suitable inspectors, to whom the party of the first part shall furnish such samples of said materials, and such information as to the quality thereof and the manner of using the same, as may be required, and also any assistance such inspectors may require in

determining the weight and quality of steel and other metals,
62 and of wood and other materials, either used or intended for use in the construction of the vessel, and that the inspectors may, with the approval of the said Secretary, peremptorily reject any unfit workmanship or material or forbid the use thereof. The inspectors shall, at all times during the progress of the work, have full access thereto, and the party of the first part shall furnish them with full facilities for the inspection and superintendence of the same.

Steel and Other Materials.

Sixth. The steel and other materials to be used in the construction of the vessel herein contracted for shall conform to the specifications for inspection of material for use in the construction of the hulls and the machinery of vessels for the United States Navy, approved by the Secretary of the Navy, which specifications are annexed to and form a part of this contract.

Working Drawings.

Seventh. The party of the first part will, at his own expense, prepare such plans or drawings as may be necessary during the progress of the work, and will submit the same to the Navy Department for its approval, as required by the specifications, before the work is begun.

Patents.

Eighth. The party of the first part, in consideration of the premises, hereby covenants and agrees to hold and save the United States harmless from and against all and every demand or demands of any nature or kind for or on account of the adoption of any plan, model, design or suggestion, or for or on accunt of the use of any patented invention, article, or appliance that has been or may be adopted or used in or about the construction of said vessel, or any part thereof, under this contract, and to protect and discharge
63 the Government from all liability on account thereof, or on account of the use thereof, by proper releases from patentees, and by bond if required, or otherwise, and to the satisfaction of the Secretary of the Navy.

Insurance.

Ninth. The vessel herein contracted for and all materials and appliances provided for and used, or to be used, in the construction thereof, shall be kept duly insured against fire and marine risks, settling of stocks, breakage of ways, and risks of launching, which insurance shall be renewed and increased, from time to time, by and at the expense of the party of the first part, until the preliminary or the conditional acceptance of the vessel, the loss, if any, to be stated in the policies as payable to the Secretary of the Navy; the insurance to be effected in such manner and in such companies as shall be approved by him, and in an amount to be fixed, from time to time, by him, not exceeding the sum of the payments made under this contract.

Time for Completion—Government Lien—Delay Penalties—Delay in Obtaining Materials.

Tenth. The vessel herein contracted for shall be completed in accordance with the drawings, plans and specifications, and duly approved changes therein, and ready for delivery to the party of the second part on or before the expiration of 24 months from the date hereof; but the lien of the party of the second part upon said vessel and the materials on hand for use in the construction thereof, respectively and collectively, for all moneys paid on account thereof, shall begin with the first payment, and shall thereupon attach to the work done and materials furnished, and shall, in like manner, attach, from time to time, as the work progresses, and as further payments are made, and shall continue until it shall have been
64 properly discharged. In case the completion of the vessel as aforesaid shall be delayed beyond the period hereinbefore fixed therefor, deductions on account thereof shall be made from the price stipulated in this contract as for liquidated and ascertained damages for each and every day (excepting Sundays) during the continuance of such delay, and until the vessel shall be completed as aforesaid and ready for delivery to the party of the second part, as follows, viz: Fifty dollars ($50) a day during the first month next succeeding the expiration of said period, and one hundred dollars ($100) a day thereafter; all such deductions to be made, from time to time, from any payment or payments falling due under this contract: Provided, however, That such delays shall not have been caused by the act of the party of the second part, or by fire or water, or by any strike or stand out of workmen employed in the construction of the vessel, or by other circumstances beyond the control of the party of the first part, but such circumstances shall not be deemed to include delays in obtaining materials when such delays arise from causes other than those herein specified: Provided, further, That if it shall appear to the satisfaction of the Secretary of the Navy that the party of the first part ordered all necessary materials at the proper time and used every reasonable effort to obtain the delivery of such materials at the time and in the order required to carry on the work properly, but that nondelivery of such materials delayed the completion of the vessel, he may, in his discretion, grant such extension of time for the fulfillment of the contract as he may deem proper under the circumstances: And provided further, That in case of any such alleged delay the party of the first part shall give immediate notice thereof in writing to the Secretary of the Navy.

65 Deductions Referred to the Secretary.

In case any question shall arise under this contract concerning deductions for delay, as aforesaid, such question, with all the facts relating thereto, shall be submitted to the Secretary of the Navy for consideration, and his decision thereon shall be conclusive and binding upon the parties to this contract.

Extensions of Time.

All delays that the Secretary of the Navy shall find to be properly attributable to the party of the second part, and to have been delays operating upon the completion of the vessel, shall entitle the party of the first part to a corresponding extension of the period prescribed for the completion of the vessel: Provided, however, That no delay, nor the alleged cause or causes thereof, attributed by the party of the first part to the party of the second part, shall be considered by the Secretary of the Navy unless the party of the first part shall, at the time of the occurrence of such delay, notify him in writing of the facts and circumstances in each case, and of the extent to which the said party of the first part claims that the completion of the vessel is thereby delayed: And provided further, That the said Secretary may, without prejudice to the right of the party of the first part, reserve his decision upon any or all claims for extension until such time as he may consider desirable, and if deemed expedient until after the completion of the vessel, the work on her in the meantime in accordance with the contract, plans, and specifications not to be discontinued or delayed on account thereof.

Strength of Vessel Guaranteed—Weight of Machinery—Overweight Deductions.

Eleventh. The party of the first part hereby further covenants and agrees that the vessel to be constructed under this contract shall be sufficiently strong to carry safely her personnel and the armament (including torpedoes and their appendages), equip-
66 ment, fuel, stores, and machinery prescribed by the Secretary of the Navy and indicated in the annexed drawings, plans, and specifications; and that the total weight of said machinery, including water and all articles irrespective of name or use that are under cognizance of the Bureau of Steam Engineering, as set forth in the weight instructions, Navy Department, Bureau of Steam Engineering, 1903, modified as required for turbine machinery, except stores supplied by the Navy Department (but not including the reserve feed water in tanks or spare parts of the machinery not usually carried on board, as enumerated in the specifications); also including the electric plant, exclusive of conduit and wiring, shall not exceed Three Hundred and fifty-two (352) tons; this total weight to be determined from the certified records of the actual weights of the parts of the machinery as they are sent on board the vessel to be connected up, except the weight of the contained water, which shall be calculated from the actual volumes in steaming condition, as shown on the certified drawings of the completed machinery; the weight to be calculated for salt water, except for those parts where fresh water only is used; that if said total weight be exceeded, a deduction of two hundred and fifty dollars ($250) a ton shall be made from the price of the vessel for each ton of weight in excess of that stipulated, and that if said total weight be exceeded

by five (5) per cent, a further deduction of five thousand dollars ($5,000) shall be made from the price of the vessel; all such deductions to be made from any payment or payments falling due under this contract.

Trials.

67 Twelfth. When the vessel is substantially complete, as required by the contract, except minor items of work that may, in the discretion of the Secretary of the Navy, be left unfinished until after the trial trip, and when the party of the first part shall have made sufficient trials at dock and in free route to be reasonably sure of satisfactory performance under the requirements of this contract, she shall be subjected to trials to test her and her speed; such trials to be as prescribed by the Secretary of the Navy, and to include the following, viz:

Standardization.

a. A progressive trial over a measured mile course at the Delaware Breakwater for standardizing the screws, extending from maximum speed down to a speed of twelve (12) knots; about twenty-six runs to be made over the course in order to adequately cover the range of speed desired. This progressive trial is to be made with the vessel weighted as specified hereinafter.

Five consecutive runs must be made at the highest speed attainable and the mean speed and revolutions for these runs carefully ascertained; the remaining runs to be grouped in such manner and at such speeds as directed by the trial board in order to determine the curve of speed and revolutions, the vessel to be so weighted that the highest speed runs will take place, as nearly as may be, at the mean trial displacement specified hereinafter. Should the mean speed for the five highest runs not equal or exceed the guaranteed speed of 29½ knots, the trial shall be considered a failure.

Full Speed.

b. A full-speed trial of four hours' duration in the open sea in deep water, at the highest speed attainable, and the party of the first part hereby guarantees that the speed developed by the vessel
68 upon this trial shall be not less than an average of 29½ knots an hour, to be determined by the average revolutions of the main shafts, according to the official standardization curve, but should the average revolutions on the four-hour trial exceed the mean revolutions of the five highest speed runs on the measured mile, the speed that will be considered as attained on the four-hour trial shall be only that attained as the mean speed of the five consecutive highest speed runs as determined by the progressive measured mile trial *a* as aforesaid. During this trial the steam pressure at the high-pressure turbine shall not exceed 240 pounds above atmosphere. Careful record shall be made of the fuel oil and water consumptions. This full-speed trial is to be made with the vessel weighted as specified hereinafter.

Four Hours at 24 Knots.

c. A fuel oil and water consumption trial of four hours in the open sea, in deep water, at an average uniform speed of twenty-four (24) knots as nearly as possible, the vessel to be weighted as specified hereinafter. Careful record shall be made of the fuel oil and water consumptions. All necessary auxiliaries shall be in operation, including all those usually required under service cru-sing oenditions, and especially such dynamos as may be necessary for effciently lighting the vessel, but the evaporating and distilling plant will not be in operation. The pumping system and forced draft air system will also be operated as required. Samples of the fuel oil used shall be taken during this trial by the party of the second part for purposes of analysis and determination of heating value.

At 15½ Knots.

d. A fuel oil and water consumption trial of four hours in the open set at an average uniform speed of fifteen and one-half (15½) knots as nearly as possible, the vessel to be weighted as
69 specified hereinafter. This trial shall be made as nearly as possible under service cruising conditions with cruising engines connected and in use, and fuel oil and water consumptions for all purposes carefully determined.

20-hour Endurance Test.

e. An endurance trial of twenty (20) hours in the open sea at an average uniform speed of fifteen and one-half (15½) knots as nearly as possible, following, as closely as possible, the trial prescribed in clause *d* and to be made under the same conditions as on that trial, with the cruising engines connected and in use. There need be no determination of fuel oil or of water consumption on this trial, the purpose of which is to determine the reliability and endurance of the cruising engines.

Fuel and Water Consumption 12 Knots.

f. A fuel oil and water consumption trial of four hours in the open sea with the cruising engines connected and in use, at an average uniform speed of twelve (12) knots as nearly as possible, the vessel to be weighted as specified hereinafter. Careful record shall be made of the fuel oil and water consumptions for all purposes.

Backing Test.

g. Trials to determine the ability of the vessel to back satisfactorily at full speed and at cruising speed. There will be one such trial to determine the time required to bring the vessel dead in the water, and the distance head reached, when staming ahead at 29½ knots.

There will be one or more trials as may be considered necessary by the trial board to determine the ability to back promptly when steaming ahead at about fifteen (15) knots, with the cruising engines in use. These latter trials are particularly intended to determine the efficiency of the methods provided for disconnecting the cruising engines on backing, or the practicability of running the cruising engines backward.

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On trials *a*, *b*, *c*, *d*, *f* and *g*, in addition to the determination of fuel oil and water consumption, there shall be recorded by representatives of the trial board such data as are considered by the board to be of professional interest.

On trials *b*, *c*, *d* and *f* there shall be determined, in manner as directed by the trial board, the amounts of water used for make up feed.

Revolution Counters, etc.—Temporary Tanks—Oil-measuring Apparatus.

The party of the second part will supply special revolution counters and test the torsion apparatus on the shafts provided by the party of the first part at its works as necessary for the purpose of determining the shaft horsepowers on each trial, but the party of the first part will furnish the torsion apparatus and all labor and material necessary for the installation of all apparatus furnished by the party of the second part and for the tests of the shafts. The party of the first part will provide and install temporary tanks, piping, and all connections in such manner as may be prescribed by the Secretary of the Navy for ascertaining the fuel oil, water, and make up feed water consumption and all other appliances and apparatus necessary to ascertain the shaft horsepowers on each trial and the fuel oil, water, and make up fuel water consumptions on each of trials *b*, *c*, *d* and *f*: Procided, That if on trial *b* it shall be found impracticable to maintain the guaranteed speed of 29½ knots an hour and at the same time make the prescribed tests for determining fuel oil and water consumption, such fuel oil and water consumption tests may be discontinued, but they shall be made subsequently under the conditions originally contemplated and at the expense of the party of the first part. The party of the first part will provide such appliances as may be directed for determining the fuel oil consumptions.

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Fuel Oil Consumption Guarantees.

The party of the first part hereby guarantees that the fuel oil consumption, including that necessary for all auxiliaries in use on the trial, shall not exceed on trial *b*, 705 pounds, on trial *c*, 445 pounds, on trial *d*, 213 pounds, and on trial *f*, 170 pounds of fuel oil per knot run.

Displacement—Ballast—Excessive Displacement.

The mean trial displacement of the vessel shall be that corresponding to the vessel complete, with all permanent and portable fittings

of every kind, with all machinery and all auxiliaries, both steam and electric, piping tools, spare parts, etc., complete, as usually carried on board in service; with outfits of all kinds complete and two-thirds the full supply of stores, as furnished by the party of the first part under the contract and specifications, with 205 tons of fuel oil; with 12.33 tons of feed water for steaming purposes; with 9.73 tons of fresh water for drinking purposes; with 2 tons galley coal, and with the following items furnished by the Government: Battery complete, including torpedo tubes, guns, mounts, etc., 32.67 tons; ammunition, including torpedoes, 21.82 tons; equipment furnished by the Government including anchors, chains, hawsers, etc., 10.64 tons; outfits furnished by the Government, including boats, portable furniture, cooperage, and blocks, 4.19 tons; supplies and stores furnished by the Government, under the Bureaus of Supplies and Accounts, Construction and Repair, Navigation, Medicine and Surgery, Steam Engineering and Ordnance, 8.52 tons; officers, crew, and effects, 10.01 tons. Should the vessel not be provided at the time of the trials with all the actual parts or objects forming the total weight as above enumerated, the party of the first part shall put suitable fixed ballast in
such positions as may be directed to make up the weights to
72 the total amount required to be carried by the vessel as aforesaid. Should any parts of the vessel, her outfit and stores to be furnished by the party of the first part, be not completed at the time of the trials, fixed ballast will be placed on board in suitable positions to represent the weight of such unfinished parts as shall not have been placed on board the vessel. The weights of all temporary installations for purposes of trial, including tanks, piping, etc., for determining the fuel oil and water consumptions will be considered as part of the ballast weights. Should the vessel, as prepared for trial with the above enumerated weight, exceed the designed displacement on trial of the Department's design the party of the first part will be required to run the trials at such increased displacement: Provided, that if any changes in the plans or specifications are proposed and executed by the party of the second part, resulting in a net increased weight by reason of such changes, a corresponding deduction from the amount of ballast or fuel oil required to be carried on trial shall be made equivalent to such net increased weight owing to changes proposed by the party of the second part.

Displacement on All Trials.

The mean trial displacement having been defined above, it is mutually understood, covenanted, and agreed that the displacement on trial *a* shall be so fixed that the displacement at the time of the third run of the five consecutive highest speed runs over the measured mile shall be, as nearly as may be, the mean trial displacement. On trials *b*, *c*, *d* and *f* the displacement at the beginning of each trial shall be the above-defined mean trial displacement, plus one-half of the estimated fuel oil, water, and other consumables necessary for the trial.

73 Further Trials.

If, at and upon said trials there shall be any failure of the vessel to meet fully the requirements of this contract, the party of the first part shall be entitled to make further trials, sufficient in number to reasonably demonstrate her capabilities: Provided, That the number of trials shall be determined and limited by the Secretary of the Navy, and that all the expenses of all trials prior to the preliminary or the conditional acceptance of the vessel, including the subsistence of all persons ordered to proceed on the vessel for the purposes of the trials, shall be borne by the party of the first part; and said vessel shall be accepted only on condition that she shall be found to be strong and well built and in strict conformity with this contract, and the working of her machinery in all its parts to the satisfaction of the Secretary of the Navy.

Preliminary Acceptance—Special Reserve—Conditional Acceptance. Reserve Fund—Rejection.

Thirteenth. If, at and upon the trials before mentioned, the foregoing requirements and conditions shall be fulfilled, and if the speed guaranteed as aforesaid shall be developed and maintained as aforesaid, and if the fuel oil consumptions guaranteed by the party of the first part shall not be exceeded, then and in such case the vessel shall be preliminarily accepted, and payment of the last two installments of the price stipulated in this contract shall be made, subject, however, to a special reserve therefrom of twenty thousand dollars ($20,000); but if the speed developed and maintained by the vessel on her four-hour high-speed trial shall fall below the speed guaranteed as aforesaid, but not below twenty-eight (28) knots an hour, she shall be conditionally accepted, subject to deductions from the price of the vessel on account of her failure to reach the speed guaranteed,
74 as aforesaid, at the rate of fifty thousand dollars ($50,000) a knot for failure on each of said trial-: Provided, however, That all the other requirements and conditions of this contract shall have been fulfilled; and, in case of such conditional acceptance, that the last two installments of the price of the vessel shall constitute a reserve fund that shall be applicable to or toward the satisfaction of such deductions, and shall be retained by the party of the second part for that purpose: And provided further, That if the vess-l fails to exhibit an average speed of at least twenty-eight (28) knots an hour on the four-hour trial, it shall be optional with the Secretary of the Navy to reject her or to accept her at a reduced price and upon conditions to be agreed upon between the said Secretary and the party of the first part: And provided further, That if the fuel oil consumptions guaranteed as aforesaid be exceeded on either trial *b*, *c*, *d* or *f*, deductions shall be made from the contract price at the rate of sixty dollars a pound for the amount of such excess on trials *b* and *c* and one hundred and eighty dollars a pound on trials *d* and *f*, as determined by the trial board: And provided further, That if the failure to at-

tain the contract speeds on any of the foregoing trials is clearly due to displacement in excess of 1,036 tons, the Secretary of the Navy shall have discretionary authority to make such remission of penalties therefor as may be definitely attributable to such excess weights of hull and fittings as may be shown to have been entirely beyond the control of the party of the first part after exercising all possible care and diligence in the construction of the vessel and its fittings in conformity with the plans and specifications.

After the above-mentioned trials have been completed, the vessel shall be returned to the works of the contractor and the ma-
75 chinery shall be opened for such post-trial examination as the trial board may direct.

Final Trial—Six Months.

In case of a preliminary acceptance of said vessel, the said special reserve of twenty thousand dollars ($20,000), or, in case of a conditional acceptance of the vessel, the said reserve fund, or so much thereof as may, in the judgment of the Secretary of the Navy, be necessary, shall be held until the vessel has been finally tried, after being fully equipped, armed, or weighted correspondingly, and in all respects complete and ready for sea, under conditions prescribed or approved by the Secretary of the Navy: Provided, That such final trial shall take place within six months and ten days from and after the date of the preliminary or the conditional acceptance of the vessel, and that the expenses thereof shall be borne by the party of the second part.

Defects Made Good—Representative During Trial.

If at and upon such final trial, or at any time within six months and ten days after the preliminary or the conditional acceptance of said vessel, such final trial not having taken place, any weakness, defect, failure, breaking down, or deterioration in the vessel, other than that due to fair wear and tear, shall appear, it shall be corrected and repaired to the satisfaction of the Secretary of the Navy at the expense of the party of the first part; and the party of the first part may, if it so desires, have an engineer of its own selection present in the engine room of said vessel at any time or times during said period, who shall have full opportunity to observe and inspect the working of the machinery in all its parts, but without any directing or controlling power over the same, and in case such engineer shall be a civilian his compensation shall be paid by the party of the first part.

76 Final Acceptance.

If said vessel be not in readiness for such final trial within six months and ten days from the date of her preliminary or conditional acceptance, through no fault or delay on the part of the party of the first part, and if there shall have appeared no weakness, defect, failure, breaking down, or deterioration in the vessel, other than that

due to fair wear and tear, then she shall be finally accepted, and the said special reserve, or the surplus, if any, of the said reserve fund paid, subject, however, to deduction on account of any reductions that may be made in the price of the vessel under the provisions of this contract.

Contractor Notified of Defects.

The party of the first part shall be informed of all defects and deficiencies discovered prior to or during the final trial for which it is held responsible; and the decision of the Secretary of the Navy as to the responsibility of the party of the first part for such defects and deficiencies shall be final and binding on the parties to this contract. The actual cost of making good all defects and deficiencies for which the party of the first part is held responsible shall be deducted from the payment to be made in final settlement under the twenty-first clause of this contract: Provided, That in order to expedite such final settlement, if the work of remedying any of the reported defects and deficiencies shall not have been undertaken within six months and ten days from the preliminary or the conditional acceptance of the vessel, the estimated cost of making good such defects and deficiencies shall be ascertained and determined by the board on changes provided for in the third clauses of this contract and deducted in lieu of the actual cost of such items in final settlement as aforesaid.

Refund on Rejection.

In case of the rejection of said vessel for any of the causes provided for in this contract, the party of the first part shall refund to
77 the party of the second part on demand, or within sixty days thereafter, all payments theretofore made to the said party of the first part for or on account of the construction of said vessel, and shall also return to the party of the second part in good and proper condition all equipment attached to or upon the vessel or in the possession of the party of the first part furnished by or received from the party of the second part, or reimburse the cost thereof to the party of the second part.

Responsibility for Changes.

Fourteenth. The party of the second part having adopted, as foundation for this contract, drawings, plans, and specifications of a vessel that it has reason to think would, if properly carried out, result in the production of a speed of not less than 29½ knots an hour, assumes no responsibility with reference thereto, and should it appear to the Secretary of the Navy that any of the dimensions or features of any parts of the design imposed by the party of the second part are such as to render the speed required by this contract impracticable of attainment, the party of the second part will consider any changes suggested by the party of the first part either as to hull or machinery,

and, as the responsibility is with the party of the first part, will feel it to be its duty to deal liberally with any proposed changes, so long as the size, strength, and character of the vessel shall remain substantially the same: Provided, That the effect upon the speed of such dimensions or features of the design imposed by the party of the second part could not reasonably have been known to or anticipated by the party of the first part at the time of the award of this contract; changes in plans or specifications involving increased or decreased expense to be dealt with as provided for in the third clause of this contract.

78 Forfeiture of Contract—Title to Vessel—Inventory.

Fifteenth. It is further mutually understood, covenanted, and agreed that in case of the failure or omission of the party of the first part at any stage of the work prior to its completion, from any cause or causes other than those specified in the tenth clause of this contract, to go forward with the work and make satisfactory progress toward its completion within the period prescribed, the party of the second part may declare this contract forfeited. In case such forfeiture shall be declared, the title to said vessel, or so much thereof as shall have been completed, and to all materials on hand applicable thereto, shall forthwith vest in the party of the second part, subject, however, to rejection as hereinafter provided for; and the party of the second part may immediately enter the works and premises of the party of the first part and take possession of said vessel and materials. The Secretary of the Navy shall thereupon cause to be taken and filed a full and complete statement and inventory of all work done or begun in, upon, or about said vessel, and of all materials on hand applicable thereto, by a board consisting of not less than five persons, qualified by knowledge and experience for the discharge of their duties, to be appointed by the Secretary of the Navy, which board shall proceed without unnecessary delay to examine such work and materials, and upon such examination the party of the first part may attend, by representative, and if it so desires, by counsel, and submit such evidence as the board may deem proper.

Completion—Removal—Surrender of Plant.

Sixteenth. Upon receipt of the report and inventory of said board, and upon its approval thereof, the party of the second part may proceed with the completion of said vessel in accordance with this
79 contract, either at the works of the party of the first part or elsewhere, by contract or otherwise, in its discretion, using for that purpose all suitable materials on hand and included in the inventory aforesaid, and may remove said vessel and materials to such other place or places as may be requisite to the exercise of such discretion, and the party of the first part does hereby for itself, and its successors and assigns, and its legal representatives, covenant and agree to and with the party of the second part that, on receiving notice of the intention of the party of the second part to proceed with the

completion of the work, it will surrender said vessel and all materials on hand, together with the use, if required, of the yard or plant, and all machinery, tools, and appliances appertaining thereto and heretofore used or necessarily to be used, in and about the finishing of the work. The completing of the vessel shall be carried on without unnecessary delay, and shall be at the risk and expense of the party of the first part, which party shall be chargeable with any increase in the cost of materials or labor incurred by reason of its failure to perform this contract, and with the cost of making good any improper or defective work discovered in such parts of the vessel as may have been constructed by it, or replacing any defective material furnished by it.

Account Stated.

Upon the final settlement of the liability of the party of the first part an account shall be stated substantially as follows:

The party of the first part shall be charges—

1. With all payments made to it under this contract, less such payments, if any, as may have been refunded.

2. With the cost of materials and labor and all other expenses incurred by or on behalf of the party of the second part in
80 finishing the work in accordance with the contract and specifications and changes duly authorized at the time of forfeiture.

3. With such deductions for delay in completion, for overweight of machinery, and for failure to attain the speed required under this contract as the Secretary of the Navy shall deem proper under all the circumstances, giving due consideration to the degree of completion of the vessel at the time of forfeiture.

Final Settlement.

If the total amount thus charged against the party of the first part shall be less than the price of the vessel, plus the net extras at the date of forfeiture, the difference shall be paid to and accepted by said party of the first part in full discharge of all claims under this contract, but if said amount shall exceed the contract price, plus net extras at the date of forfeiture, the party of the first part hereby covenants and agrees as aforesaid to pay such excess on demand.

Rejection on Forfeiture.

Seventeenth. In case the party of the second part should, however, decide not to proceed with the completion of said vessel, as aforesaid, it shall be rejected and the party of the first part shall thereupon and on notice thereof in writing be, and the said party of the first part does hereby, in consideration of the premises, for itself and its successors and assigns, and its legal representatives, acknowledge itself to be justly indebted to the party of the second part as for liquidated and ascertained damages in a sum equal to the aggregate amount of all payments theretofore made to it for or on account of

work done under this contract, and does further covenant and agree, as aforesaid, to refund the same on demand or within sixty days thereafter, and that the party of the second part shall and may hold as collateral security for such refund said vessel or so much
81 thereof as shall then have been constructed and all materials furnished or on hand for the purposes of construction.

No Obligation to Accept Unless—

Eighteenth. It is mutually understood, covenanted, and agreed, by and between the respective parties hereto, that it shall not under any circumstances be obligatory upon the party of the second part to accept or pay for the vessel, or any part thereof, to be constructed under this contract, unless it shall have been completed in strict conformity with this contract, and in accordance with the provisions of the acts of Congress relating thereto, and that this qualification shall be deemed and taken as applicable and applying to each and every clause, covenant, and condition, express or implied, in this contract contained.

Not Transferable—Convict Labor.

Nineteenth. It is mutually understood, covenanted, and agreed, by and between the respective parties hereto, that this contract shall not, nor shall any interest herein, be transferred by the party of the first part to any other person or persons; and that in the performance of this contract no persons shall be employed who are undergoing sentences of imprisonment at hard labor.

Twentieth. It is mutually and expressly covenanted and agreed and this contract is upon the express condition that no officer of the Navy, nor any person holding any office or appointment under the Navy Department, is or shall be admitted to any share or part of this contract, or to any benefit to arise therefrom.

Twenty-first. The party of the second part, in consideration
82 of the premises, does hereby contract, promise, and engage to and with the party of the first part, as follows:

Price.

1. The price to be paid for the vessel, to be constructed and furnished in accordance with this contract, shall be Seven hundred and fifty-six thousand, one hundred dollars ($756,100).

Payments.

2. Payments shall be made by the party of the second part in twenty equal installments as the work progresses.

3. No payment shall be made except upon bills certified by the inspectors of hull and machinery of the vessel in such manner as shall be directed by the Secretary of the Navy, whose final approval of all bills thus certified shall be necessary before payment thereof.

4. All warrants for payments under this contract shall be made payable to the party of the first part or its order.

5. Payment of the last two installments shall not be made except as provided for in the thirteenth clause hereof.

No Liens.

6. When a payment is to be made under this contract, as a condition precedent thereto, the Secretary of the Navy may, in his discretion, require, for the protection of the party of the second part, evidence satisfactory to him, to be furnished by the party of the first part, that no liens or rights in rem of any kind against said vessel or its machinery, fittings, or equipment, or the material on hand for use in the construction thereof, have been or can be acquired, for or on account of any work done or any machinery fitting, equipment, or material already incorporated as a part of said vessel, or on hand for that purpose, or that such liens or rights have been either released absolutely or so subordinated to the rights of the Government as to make its lien for all payments paramount,
83 so as not to encumber or hinder in any way the right of the Government to accept or reject said vessel, and so as to become absolutely extinguished in case of the acceptance of the vessel; but it is hereby further stipulated, covenanted, and agreed by the party of the first part, for itself and on its own account and for and on account of all persons, firms, associations, and corporations furnishing labor and materials for said vessel, and this contract is upon the express condition, that no liens or rights in rem of any kind shall lie or attach upon or against said vessel or her machinery, fittings, or equipment or the materials therefor, or any part thereof or of either, for or on account of any work done upon or about said vessel, machinery, fittings, equipment, or materials, or of any materials furnished therefor or in connection therewith nor for or on account of any other cause or thing or of any claim or demand of any kind.

Final Payment—Release.

7. When all the conditions, covenants, and provisions of this contract shall have been performed and fulfilled by and on the part of the party of the first part, said party of the first part shall be entitled, within ten days after the filing and acceptance of its claim, to receive the said special reserve or the surplus, if any, of said reserve fund or so much of either as the said party of the first part may be entitled to, on the execution of a final release to the party of the second part, in such form and containing such provisions as shall be approved by the Secretary of the Navy, of claims against the United States arising under or by virtue of this contract.

Disputes.

Twenty-second. If any doubts or disputes arise as to the meaning of anything in the contract, drawings, plans, or specifica-

84 tions, or if any discrepancy appear between said drawings, plans, or specifications and this contract the matter shall be at once referred to the Secretary of the Navy for determination; and the party of the first part hereby binds itself and its successors and assigns and its legal representatives to abide by his decision in the premises.

In witness whereof, the respective parties hereto have hereunto set their hands and seals the day and year first above written.

THE WILLIAM CRAMP AND SONS SHIP AND ENGINE BUILDING COMPANY. [L. S.]
HARRY W. HAND, [L. S.]
Vice-President.

Attest:
CHAS. T. TAYLOR, *Secretary.* [L. S.]

THE UNITED STATES,
By R. F. NICHOLSON, [SEAL.]
As Acting Secretary of the Navy.

Signed and sealed in the presence of—
R. M. W.
H. I. C.
EDGAR H. MAY,
As to R. F. Nicholson, Acting Secretary of the Navy.

85 [Endorsed:] File No. 25,749. Supreme Court U. S. October term, 1916. Term No. 919. William Cramp & Sons Ship & Engine Bldg. Co., Petitioner, vs. International Curtis Marine Turbine Company et al. Stipulation of counsel and addition to record.

Filed March 2, 1917.

86 UNITED STATES OF AMERICA, *ss:*

[Seal of the Supreme Court of the United States.]

The President of the United States of America to the Honorable the Judges of the United States Circuit Court of Appeals for the Third Circuit, Greeting:

Being informed that there is now pending before you a suit in which International Marine Turbine Company and Curtis Marine Turbine Company of the United States are petitioners, and William Cramp & Sons Ship and Engine Building Company is respondent, and we, being willing for certain reasons that the said cause and the record and proceedings therein should be certified by the said Circuit Court of Appeals and removed into the Supreme Court
87 of the United States, Do hereby command you that you send without delay to the said Supreme Court, as aforesaid, the

record and proceedings in said cause, so that the said Supreme Court may act thereon as of right and according to law ought to be done.

Witness the Honorable Edward D. White, Chief Justice of the United States, the twenty-third day of March, in the year of our Lord one thousand nine hundred and seventeen.

JAMES D. MAHER,
Clerk of the Supreme Court of the United States.

88 [Endorsed:] File No. 25,749. Supreme Court of the United States. No. 919, October Term, 1916. William Cramp & Sons Ship and Engine Building Company vs. International Curtis Marine Turbine Company. Writ of Certiorari. Received Mar. 30, 1917. Saunders Lewis, Jr., Clerk.

89 United States Circuit Court of Appeals for the Third Circuit, March Term, 1916.

No. 2126.

INTERNATIONAL CURTIS MARINE TURBINE COMPANY and CURTIS MARINE TURBINE COMPANY OF THE UNITED STATES, Petitioners,

vs.

WILLIAM CRAMP & SONS SHIP & ENGINE BUILDING COMPANY, Respondent.

Stipulation.

It is hereby stipulated and agreed between the counsel for the respective parties in the above-entitled action, that the certified copy of the transcript of record and the amendment thereto on file in the Clerk's office of the United States Supreme Court on the petition for writ of certiorari herein shall stand as the return to the writ of certiorari issued herein by the United States Supreme Court to the United States Circuit Court of Appeals.

Dated, March 26, 1917.

(Signed) CHARLES NEAVE,
B.,
Counsel for International Curtis Marine Turbine Co. et al.

(Signed) CLIFTON V. EDWARDS,
Counsel for Wm. Cramp & Sons Ship & Engine Building Co.

Endorsed: No. 2126. Stipulation.
Received and filed Mar. 31, 1917. Saunders Lewis, Jr., Clerk.

90 & 91 UNITED STATES OF AMERICA,
Eastern District of Pennsylvania,
Third Judicial Circuit, sct:

I, Saunders Lewis, Jr., Clerk of the United States Circuit Court of Appeals, for the Third Circuit, do hereby Certify the foregoing to be a true and faithful copy of the original stipulation of counsel as return to the writ of certiorari in the case of International Curtis Marine Turbine Company and Curtis Marine Turbin Company of the United States, Petitioners, vs. William Cramp & Sons Ship & Engine Building Company, Respondent, on file, and now remaining among the records of the said Court, in my office.

In Testimony Whereof, I have hereunto subscribed my name and affixed the seal of the said Court, at Philadelphia, this fifth day of April, in the year of our Lord one thousand nine hundred and seventeen and of the Independence of the United States the one hundred and forty-first.

[Seal United States Circuit Court of Appeals, Third Circuit.]

SAUNDERS LEWIS, JR.,
Clerk of the U. S. Circuit Court of Appeals, Third Circuit.

92 [Endorsed:] File No. 25,749. Supreme Court U. S., October Term, 1916. Term No. 919. William Cramp & Sons Ship & Engine Building Co., Petitioner, vs. International Curtis Marine Turbine Co. Writ of certiorari and return.
Filed April 7, 1917.

[illegible]

Supreme Court of the United States.

OCTOBER TERM, A. D. [illegible]

WILLIAM CRAMP & SONS SHIP & ENGINE BUILDING COMPANY,
Petitioner,

vs.

INTERNATIONAL CURTIS MARINE TURBINE COMPANY and CURTIS MARINE TURBINE COMPANY OF THE UNITED STATES,
Respondents.

No. [redacted] 393

MOTION TO ADVANCE.

CHARLES NEAVE,
WILLIAM G. McKNIGHT,
Counsel for Respondents.

[illegible] Spring St., New York.

IN THE

Supreme Court of the United States,

OCTOBER TERM, A. D. 1916.

WILLIAM CRAMP & SONS SHIP & ENGINE BUILDING COMPANY, Petitioner, vs. INTERNATIONAL CURTIS MARINE TURBINE COMPANY and CURTIS MARINE TURBINE COMPANY OF THE UNITED STATES, Respondents.	No. 919.

The respondents in the above entitled cause move the Court to advance said cause and set it down for hearing and argument with the case of *Marconi v. Simon*, No. 485, October Term, 1916.

The grounds of this motion are that each of said cases involves as its principal issue, the same question of law, viz., whether by virtue of the Act of June 25, 1910, entitled "An Act to Provide Additional Protection for Owners of Patents and for Other Purposes" (36 Stat. 851), the United States may by eminent domain take a license under any existing patent which license is broad and comprehensive enough to protect a private, independent contractor who makes the

patented device for the United States from liability to an injunction and a judgment for profits which the contractor has made or the damages the patent owner has suffered, in a suit brought under the Revised Statutes for infringement of the patent.

Each case also involves the question, if it be held that the United States has such power, of whether the United States has exercised that power by making certain contracts with an independent contractor. On this latter point the facts differ somewhat as suggested in the affidavit hereto annexed. It will assist this Court in considering the scope and method of exercising such a power, should it be held to exist, to have the facts in both of these cases before it at the same time. Furthermore, it is of great importance to the public at this time when so many Government contracts are being made, to have the liability of private contractors, for the use of patented devices in fulfilling Government contracts, definitely determined under the circumstances presented by each of these cases.

This Court will not be burdened or delayed in arriving at a decision in *Marconi v. Simon* by considering the case at bar at the same time, since the record is very short, containing merely the respondents' offer in evidence of certain contracts between the United States and the petitioner, the petitioner's objection thereto, and the proceedings before the Master, District Court and Circut Court of Appeals upon said offer and objection.

Further facts showing in more detail the questions of law involved in each of the cases are set out in the affidavit hereto attached and made a part of this motion.

CHARLES NEAVE,
Counsel for Respondents.

IN THE

SUPREME COURT OF THE UNITED STATES,

OCTOBER TERM, A. D. 1916.

WILLIAM CRAMP & SONS SHIP & ENGINE BUILDING COMPANY, Petitioner, vs. INTERNATIONAL CURTIS MARINE TURBINE COMPANY and CURTIS MARINE TURBINE COMPANY OF THE UNITED STATES, Respondents.	No. 919.

To C. V. EDWARDS, ESQ.,
Counsel for William Cramp & Sons
Ship & Engine Building Company :

Please take notice that on the 4th day of June, 1917, at 10:00 o'clock A. M., or as soon thereafter as counsel can be heard, we shall submit to the Supreme Court of the United States at its Court Room in the City of Washington, a written motion to advance the above cause and an affidavit of Charles Neave in support thereof, copies of which motion and affidavit are herewith served upon you.

CHARLES NEAVE,
Counsel for Respondents.

The undersigned hereby acknowledge receipt and due service of the foregoing notice and of a copy of motion and affidavit therein mentioned this 22d day of May, 1917.

CLIFTON V. EDWARDS,
Counsel for Petitioner.

The undersigned counsel for the petitioner, William Cramp & Sons Ship & Engine Building Company, hereby consents to and joins in said motion.

CLIFTON V. EDWARDS.

IN THE

SUPREME COURT OF THE UNITED STATES,

OCTOBER TERM, A. D. 1916.

WILLIAM CRAMP & SONS SHIP & ENGINE BUILDING COMPANY, Petitioner, vs. INTERNATIONAL CURTIS MARINE TURBINE COMPANY and CURTIS MARINE TURBINE COMPANY OF THE UNITED STATES, Respondents.	No. 919.

Affidavit of Charles Neave.

STATE OF NEW YORK, }
County of New York, } ss. :

CHARLES NEAVE, being duly sworn, deposes and says :

I am of counsel for respondents in the above entitled cause. The history of the proceedings therein is briefly as follows :

In April, 1909, the respondents as plaintiffs brought a suit in the District Court of the United States for the Eastern District of Pennsylvania, against the petitioner, as defendant for a threatened infringement of Letters Patent No. 566,969 relating to elastic fluid turbines, by contracting with the United States to build infringing

turbines for torpedo boat destroyers Nos. 30 and 31. The District Court dismissed the bill *pro forma*, without consideration of the merits. On appeal the Circuit Court of Appeals held the patent valid and infringed (202 Fed. Rep., 932). On *Certiorari* this Court ordered a reargument in the Circuit Court of Appeals on the ground that that Court was improperly constituted at the time of the hearing (228 U. S., 696). On such reargument the Circuit Court of Appeals again held the patent valid and infringed and ordered an accounting (211 Fed. Rep., 124). A second petition for *certiorari* was denied by this court (234 U. S., 755). The District Court entered a decree on mandate and appointed Hector T. Fenton, Esq., Master, to take the account of profits and damages.

The defendant filed a debit and credit account before the Master with reference to aforesaid torpedo boat destroyers Nos. 30 and 31. The plaintiffs, your respondents, then offered to prove similar subsequent infringing acts and for this purpose offered in evidence four contracts substantially alike, each dated September 7, 1911, between defendant and the United States for the construction of torpedo boat destroyers Nos. 47, 48, 49 and 50, and also called for the production of the drawings, plans, and specifications referred to therein and made a part thereof and for the proposal prepared by the defendant and submitted to the Government in connection with the bid for each of these. The plaintiffs proposed to show by these contracts that the turbines called for were substantially identical with those previously adjudged to infringe. The defendant objected to the admission or production of the evidence on the ground that,

> "The contracts on their face are subsequent to the passage of the Act of June 25, 1910, upon which date the Government acquired a license to use the invention of the patent in suit and consequently the making of these devices upon the order of the Government did not constitute an infringing transaction."

The Master overruled the objection, but certified the question to the District Court. The District Court ordered the evidence excluded (232 Fed. Rep., 166). On petition for *certiorari*, the Circuit Court of Appeals for the Third Circuit entered the following order :

> " Upon the petition of the plaintiffs for a writ of *certiorari* or mandamus and brief in support thereof, and after consideration, it is
>
> " ORDERED, ADJUDGED AND DECREED that this Court will retain jurisdiction of this cause pending the hearing and determination by the Supreme Court of the United States of the case of Marconi Company v. Simon, now pending in said Court, but the United States District Court for the Eastern District of Pennsylvania is directed to enter an order directing the Master to proceed with the accounting herein with respect to contracts Nos. 47, 48, 49 and 50, and such other contracts as have been already offered in evidence by the plaintiffs.
>
> Feb. 2, 1917.
>
> JOS. BUFFINGTON,
> U. S. Judge."

In its opinion that Court said (238 Fed. Rep., 564) :

> " The question passed upon by the Court below in that decision is as we view it involved in a case in the Second Circuit, Marconi v. Simon, 231 Fed. Rep., 1021. This latter case is now before the Supreme Court of the United States on *certiorari*, No. 485 of the October Term, 1916. As a decision therein will settle the case pending before us, it seems proper for this Court to await the action of the Supreme Court."

The respondents do not agree that the decision of the case of ***Marconi v. Simon*** will necessarily settle the present issue in this case, although they do agree that the principal question, which is entirely one of law, is the same in each case,

namely, whether by virtue of the Act of June 25, 1910, the Government may by eminent domain take a license under any existing patent, which will protect a private, independent contractor who undertakes to make the patented device for the Government, not only from an injunction to restrain infringement of the patent, but from the entry of judgment for profits or damages. However, if it be decided that the Government has such power, the question as to whether the Government has exercised it may arise under any of the following circumstances:

I. A Government officer, knowing that a certain device is patented, may draw plans and specifications of that patented device and invite independent contractors to bid for the contract to make it and accept such a bid. This is the situation presented by *Marconi v. Simon*, as shown by the following extract of the opinion of the District Court and the Circuit Court of Appeals in that case, 227 Fed. Rep., 906; 231 Fed. Rep., 1021:

> "Certain officers of the United States Navy drew plans and specifications for part of a radio apparatus which it was *physically impossible to comply with without infringing* (outright or by contribution) the aforesaid patent of the plaintiff. Duly authorized governmental authority then invited bids upon said plans and specifications. All bidders, as well as the draughtsmen of said plans and specifications, *were well aware of the existence of plaintiff's patent* and there must be conclusively imputed to them an intention to infringe or at least to perform acts which would constitute infringement in a private person." * * *
>
> "Viewed without regard to the Act of 1910, certain officers of the government deliberately committed the United States to an infringement of private rights; *i. e.* an appropriation of private property. Pursuant to intent *they invited private citizens to assist* in the contemplated infringement and Simon consented to aid by manufacturing a compact and well arranged infringing article."

II. A Government officer wishes to have an article made for the use of the Government in which a patented device or an unpatented device can be used and calls for bids with proposed plans and specifications. He accepts a bid by a private contractor involving a patented device,

(A) not knowing of the existence of the patent.

(B) knowing of the existence of the patent, but believing the contractor to have a license.

(C) knowing of the existence of the patent and knowing that the contractor has not a license.

(D) specifying in the contract that the Government will take or will not take a license for the benefit of the contractor.

The case at bar involves a question as to whether any of the circumstances set forth in (A), (B), (C) and (D) present a different situation from that considered in *Marconi v. Simon*. I believe that it will be of material assistance to this Court to have these circumstance before it when it is considering the case of *Marconi v. Simon* and that it is of great importance to the public to know whether or not any of these circumstances would materially alter the situation presented by *Marconi v. Simon*.

Another reason for advancing the case at bar to be heard with *Marconi v. Simon*, is that the accounting in this case is stayed (not by formal order, but by the orally expressed wish of Judge BUFFINGTON) pending the determination of the present issue by the Supreme Court. It would be a great and unnecessary hardship on these respondents to have this accounting stayed long after all the substantial questions involved in the issue in this cause had been determined by its decision in *Marconi v. Simon*, No. 481, October Term, 1916, which, as I am advised, will be heard and decided probably a year or more before the case at bar No. 919, October, 1916, is reached for hearing. And also, the Respondents,

because of the present uncertainty as to whether they can recover profits or damages in this suit, and to fully protect their rights must at an early date (because of the running of the statute of limitations) enter suit in the Court of Claims against the Government for the recovery, under the provisions of said statute, of reasonable compensation for the use by the Government of their patented invention. Clearly the Respondents ought not to be put to the expense of beginning, and they and the Government of proceeding with, the trial of such suit if recovery is to be had in the present suit.

CHARLES NEAVE.

Sworn to before me this 22d day of May, 1917.

MAXWELL BARUS,
Notary Public.

OCTOBER TERM, 1919.

WILLIAM CRAMP & SONS SHIP & ENGINE BUILDING COMPANY,

Petitioner,

vs.

INTERNATIONAL CURTIS MARINE TURBINE COMPANY and CURTIS MARINE TURBINE COMPANY OF THE UNITED STATES,

Respondents.

BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI.

CHARLES NEAVE,
WILLIAM G. McKNIGHT,
Of Counsel for Respondents.

C. G. Burgoyne Printing Company, 71-73 Spring St., New York.

Supreme Court of the United States,

OCTOBER TERM, 1916.

WILLIAM CRAMP & SONS SHIP AND ENGINE BUILDING COMPANY,
Petitioner,

vs.

INTERNATIONAL CURTIS MARINE TURBINE COMPANY and CURTIS MARINE TURBINE COMPANY OF THE UNITED STATES,
Respondents.

BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI.

History of the Proceedings.

The history of the proceedings in this case leading up to the record in the Circuit Court of Appeals for the Third Circuit which this Court is now requested by the petitioner to review, is briefly as follows :

In April, 1909, the respondents, as plaintiffs, brought a suit in the District Court of the United States for the Eastern District of Pennsylvania, against the petitioner, as defendant, for infringement of Letters Patent No. 566,969, relating to

elastic fluid turbines. The Bill of Complaint charged a threatened infringement only, and alleged that the defendant did:

> "* * * offer in writing accompanied by plans and specifications to make for and to sell to the United States Government, elastic fluid turbines for propelling ships * * * employing and containing the inventions set forth in each and all of the several Letters Patent; that the offer so made by the defendant has been accepted by the United States Government; that the defendant is at present under contract to make such infringing elastic fluid turbines; that the work of construction of such infringing turbines is now being proceeded with by said defendant within the Eastern District of Pennsylvania and elsewhere in the United States for the purpose of furnishing the same to the United States Government under the said contract; that all of said acts and doings by the defendant have been and are without license or allowance and against the will of your orators and in violation of their rights * * *."

The contracts referred to were for the building of torpedo boat destroyers Nos. 30 and 31. The District Court dismissed the bill. On appeal the Circuit Court of Appeals for the Third Circuit held the patent valid and infringed and ordered an accounting for profits and damages, although in the exercise of its discretion, it denied an injunction (202 Fed. Rep., 932). The defendant then brought the record to the attention of the Supreme Court by a petition for a writ of *certiorari*. By this petition, the Court was asked to consider, among other matters, practically the same question now presented to it, since the turbines for torpedo boat destroyers Nos. 30 and 31 were not completed and delivered to the Government until after the passage of the Act of June 25, 1910, and hence, were first "used" by the United States after the passage of the Act.

The Supreme Court, instead of dismissing the bill and disposing of the whole litigation as it might have done had it been impressed with this point, granted the petition only on the ground that the Circuit Court of Appeals was improperly constituted at the time of the hearing, and ordered a reargument in the Circuit Court of Appeals (228 U. S., 646).

After the second argument in the Circuit Court of Appeals, another decision was rendered similar to the first in all respects (211 Fed. Rep., 124). Again the defendant filed a petition for a writ of *certiorari* with the Supreme Court and a second time raised substantially the same question which the defendant now, for the third time, presents to this Court for consideration. The petition was denied (234 U. S., 755).

The District Court entered a decree in accordance with the mandate of the Circuit Court of Appeals and appointed Hector R. Fenton, Esq., as Master to take the account of profits and damages (Rec., p. 3). In the proceedings before the Master, the defendant filed a debit and credit account with reference to the aforesaid torpedo boat destroyers Nos. 30 and 31. The plaintiff, your respondent, then offered to prove other and subsequent infringing acts, and for this purpose offered in evidence contracts each dated September 7, 1911, between the defendant and the United States for the construction of torpedo boat destroyers Nos. 47, 48, 49 and 50, and also called for the production of the drawings, plans and specifications referred to therein and made a part thereof, and for a proposal prepared by the defendant and submitted to the Government in connection with its bid for each of these contracts. These contracts are substantially alike and a copy of one of them is by stipulation of counsel added to the record. The plaintiff proposed to show by the contracts, plans and specifications, etc., that the turbines called for by contracts were substantially identical with those previously adjudged to infringe.

The defendant objected to the admission of said contracts

and to the production of said plans, drawings and specifications, and said proposal, on the ground that (Rec., p. 9):

> "The contracts on their face are subsequent to the passage of the Act of June 25, 1910, upon which date the Government acquired a license to use the invention of the patent in suit and consequently the making of these devices upon the order of the Government did not constitute an infringing transaction."

The Master after hearing argument and re-argument of the question by counsel, overruled the objection, but at the request of defendant's counsel, certified the question to the United States District Court for the Eastern District of Pennsylvania for its opinion (Rec., pp. 11, 14, 6). The District Court filed a decision (Rec., p. 18) excluding the evidence and upon a rehearing adhered to its former opinion (Rec., p. 35). Thereupon the plaintiff filed a petition for a writ of *certiorari* or mandamus in the Circuit Court of Appeals for the Third Circuit (Rec., p. 44). On January 11, 1917, the Circuit Court of Appeals filed an opinion relating to said petition (Rec., p. 52) in which it stated that it would not decide the question at this time on the merits but would await the decision of the Supreme Court in the case of *Marconi vs. Simon*, No. 485 of the October Term, 1916. However, it instructed the court below to direct the Master to proceed in the meantime, with the accounting under the contracts Nos. 47, 48, 49 and 50. On February 2, 1917, an order was entered in the Circuit Court of Appeals in accordance with this opinion (Rec., p. 54). It is this exercise of discretion on the part of the Circuit Court of Appeals which the Supreme Court is now requested to review by this petition for *certiorari*.

For the following reasons, respondent believes that the Supreme Court should not review the matter at this time:

First. The Circuit Court of Appeals has not passed upon

the merits of the question but has merely exercised its discretion as to how the proceedings before the Master, which it may eventually have to review upon appeal from the final decree, should be conducted.

SECOND. There is no necessity for determining the question at this time.

THIRD. The decision of this case depends upon the proper construction of the aforesaid contracts for torpedo boats Nos. 47, 48, 49 and 50, as well as upon the construction of said Act of June 25, 1910; and said contracts should be construed in the light of surrounding circumstances, which are not in evidence in the record as it is now presented to this Court.

The Circuit Court of Appeals has not Passed upon the Merits of the Question but has merely Exercised Discretion as to how the Proceedings should be Conducted.

As appears from its order (Rec., p. 54) and its opinion (Rec., p. 52), the Circuit Court of Appeals has not determined the merits of the question, but has merely exercised its discretion as to how the proceedings should be conducted. It is a familiar rule, that an upper court will not interfere with the discretionary orders of a lower tribunal unless such discretion has been abused. The Circuit Court of Appeals has not abused its discretion in this instance but has, on the contrary, made a wise use of it, for its order merely directs that the usual practice in taking evidence of new infringements before Masters be followed (see *infra*, pp. 8, 9), and there is no special circumstance of hardship of the defendant or of public interest which warrants departing from the usual procedure in this case (see *infra*, p. 6 *et seq.*). Moreover, if the evidence is taken as directed, the record in the Circuit Court of Appeals, after the decision of the Supreme Court in *Marconi vs. Simon*, may be amended, so as to show

the facts necessary to the proper construction of said contracts for torpedo boat destroyers 47, 48, 49 and 50 (see *infra*, p. 12). The taking of the evidence, therefore, would not be useless, as the petitioner argues, even if the Supreme Court affirms the decision in *Marconi vs. Simon.*

There is No Necessity for Determining the Question at this Time.

According to the petitioner, the question presented by this record is whether or not by virtue of the Act of June 25, 1910, the Government may not acquire by eminent domain the right or license to use the patent rights, if any, necessarily entering into the plans and specifications made a part of its contract and whether or not such license protects a contractor in so far as the contractor is required to follow said plans and specifications (p. 7 of Petition). If we assume the additional facts that the Government knew of the patent, initiated the plans and specifications, knew that the contractor did not have a license and put nothing in its contract to rebut an inference that it intended to take a license for the benefit of the manufacturer, then the question presented for decision in this cause would be the same as in the case of *Marconi vs. Simon*, now pending before this Court. But the record now before the Court in the case at bar shows nothing in regard to these additional facts, except that the Government's contract with Cramp contains many provisions which seem to show that the Government did not intend to take a license for the benefit of Cramp (See *infra*, p. 11). The public's interest in th equestion, as far as it could be satisfied by a consideration of the record now before the Court in this case, will be satisfied by the decision of this Court in *Marconi vs. Simon*, which is already pending before this Court. A consideration of the incomplete record in the case at bar would not be of any advantage

either to the Government or to prospective contractors with the Government.

In so far as the Navy Department is concerned, it will not be inconvenienced if the accounting is proceeded with, nor will any of its confidential matters be disclosed. Details as to the construction of the turbines in question have heretofore been published in the Journal of American Society of Naval Engineers, Vol. 26, No. 1, under the authority of Naval Officers and have been publicly and widely circulated. Even the petitioner's brief practically concedes this point on page 31, where it says:

> "Although it may well be that the Government may not object to the disclosure of some or even all of this information, such matter cannot be determined from time to time as information desired is called for."

The existence of any confidential matters seems well nigh impossible in view of the aforesaid publication. But should any exist the District Court for the Eastern District of Pennsylvania is quite as competent to protect the Government as the Court of Claims would be if the plaintiff were obliged to bring suit therein for compensation under the act of June 25, 1910. In such a suit the same specifications would be needed to establish the plaintiff's case. Moreover, in the pending suit, the Government may always, if it desires, intervene and protect its interests. *Firth Sterling Steel Co. vs. Bethlehem Steel Co.*, 216 F. R., 755.

The letter from Secretary Daniels (Exhibit F, printed at page 28 of the Petition) was evidently written under a misapprehension of the present state of the record in this case. That letter says:

> "Referring to the fact that the Circuit Court of Appeals for the Third Circuit has directed an accounting to proceed against you for transactions under your

contracts with this Department for the construction of torpedo boat destroyers Nos. 47 to 50, you are advised that the Department considers it of great importance that a determination of the matter by the Supreme Court be obtained *with the facts before it as developed in the suit against you, so as to show the disadvantages and hindrances to the Department resultant from proceedings between private parties that involve publicity of the confidential transactions and operations.*"

The record now presented to this Court for consideration by the petitioner contains none of the facts to which Secretary Daniels refers, as it exhibits nothing but the interlocutory decree, the offer of these contracts in evidence to the Master, the defendant's objection thereto and the various legal proceedings had upon said objection, and by amendment is added one of the contracts offered, however, without the plans and specifications. The Supreme Court on this record will not have the "facts before it," showing "the disadvantages and hindrances to the Department, etc." Such facts, if they exist, can only be brought before this Court by proceeding with the accounting as the Circuit Court of Appeals has directed.

In so far as the inconvenience to this particular defendant from proceeding with the accounting is concerned, it is no greater in this instance than in the usual case where evidence as to new infringement is taken before a Master over the defendant's objections, which objections may ultimately be sustained by the Court or Court of Appeals. It is a well settled rule that the Master should take such evidence of alleged new infringements as nearly as may be to the date of his report (*Welsbach Light Co. vs. Sunlight Incandescent Light Co.*, 87 Fed., 220, 221; *Brown Bag Filling Machine Co. vs. Drohen*, 171 Fed., 439; *Walker Patent Pivoted Bin Co. vs. Miller*, 146 Fed., 250; *Edison Electric Light Co. vs. Westinghouse Electric & Manufacturing Co.*, 54 Fed., 505; *Wooster vs. Thornton*, 26 Fed., 274). And, more-

over, it is a settled rule that he should take such evidence even if he deems it objectionable (as he did not in this case), in order that the Court, upon the filing of his report, may have the whole case before it and be able to pass final judgment upon all the issues (*Chadeloid Chemical Co. vs. Chicago Co.*, 173 Fed., 797; *In Re Automatic Musical Co.*, 207 Fed., 334; *Blease vs. Garlington*, 92 U. S., 1). It follows that if the Master excludes such evidence, the Court will consider the matter at once upon a motion for instructions. *Walker Patent Pivoted Bin Co. vs. Miller*, 146 Fed., 249; *Celluloid Manufacturing Co. vs. Cellonite Manufacturing Co.*, 40 Fed., 476. But if the evidence is taken over objection, the Court will not consider the matter until it is properly raised by exception to the Master's report when filed (*Hoe vs. Scott*, 87 Fed., 220). It is clear that the risk of hardship on the defendant in the case at bar is no greater than that which the established practice, above outlined, has shown to be preferable to delays in proceedings before Masters, and to the filing of incomplete Master's reports.

The Decision of This Case Depends Upon the Proper Construction of the Contracts for Torpedo Boat Destroyers Nos. 47, 48, 49 and 50 as Well as Upon the Construction of said Act of June 25, 1910; and Said Contract Should be Construed in the Light of Surrounding Circumstanses Which are Not in Evidence in the Record as it is Now Presented to This Court.

Assuming that by virtue of the Act of June 25, 1910, the Government may take by eminent domain a right to make and use any patented device, the question of whether the Government has elected to exercise that right may present itself in several aspects.

I. A duly authorized Government officer may himself make and use the patented device. This was the situation in *Crozier vs. Krupp*, 224 U. S., 290.

II. A duly authorized Government officer, knowing that a certain device is patented, may draw plans and specifications of that patented device and invite independent private contractors to bid for the contract to make it and accept such a bid. This is the situation presented by *Marconi vs. Simon*, now pending before the Supreme Court. In this connection, the District Court and Circuit Court of Appeals said, 227 Fed. Rep., 906; 231 F 1021:

> " Certain officers of the United States Navy drew plans and specifications for part of a radio apparatus which it was *physically impossible to comply with without infringing* (outright or by contribution) the aforesaid patent of the plaintiff. Duly authorized governmental authority then invited bids upon said plans and specifications. All bidders, as well as the draughtsmen of said plans and specifications, *were well aware of the existence of plaintiff's patent* and there must be conclusively imputed to them an intention to infringe or at least to perform acts which would constitute infringement in a private person." * * *
>
> " Viewed without regard to the Act of 1910, certain officers of the government deliberately committed the United States to an infringement of private rights; *i. e.*, an appropriation of private property. Pursuant to intent *they invited private citizens to assist* in the contemplated infringement, and Simon consented to aid by manufacturing a compact and well arranged infringing article."

In this situation, it is clear that if the Government can appropriate a right to have a private manufacturer make a patented device for it, it does so unless the contract specifically states that the Government does not intend to make itself liable in the Court of Claims, and expects the manu-

facturer to make his own arrangements for the use of the patent.

III. A duly authorized Government officer wishes to have an article made for the use of the Government in which a patented device or an unpatented device can be used and calls for bids with proposed plans and specifications. He accepts a bid involving a patented device,

(A) not knowing of the existence of the patent.

(B) knowing of the existence of the patent, but believing the contractor to have a license.

(C) knowing of the existence of the patent and knowing that the contractor has not a license.

(D) specifying in the contract that the Government will take or will not take a license for the benefit of the contractor.

IV. A duly authorized officer of the Government contracts for the manufacture of an article which may or may not involve patented devices and which can be manufactured according to such plans and specifications as form part of the contract without the use of any patented device.

The case at bar, so far as the record now before the Court shows, may present the situation III. (A), (B), (C), (D), or even IV. In case IV., it seems too clear for argument that the Government has not taken a license for the benefit of the contractor. In case III. (D), it is clear that the Government is not obliged to take a license for the benefit of the contractor if it specifies in its contract that it does not do so. Although the contract in the case at bar does not say this in so many words, it contains many provisions which strongly imply it. For example, in the eighth paragraph of the contract, the contractor agrees to save the Government harmless from any demands on account of the use of any patented invention on the boats to be built. It may be urged that this provision is not conclusive on the point, for conceivably this might mean that the contractor

should save the Government harmless by defending suits brought by the patentees against the United States in the Court of Claims. But this improbable interpretation is rebutted by the provisions of other paragraphs, such as the thirteenth, which provides for the rejection of the vessel if it fails to meet certain requirements. The Government would not wish to make itself primarily liable for the use of patented devices in a vessel which it might reject. And this is further shown by other paragraphs which contain elaborate provisions for security against every conceivable default of the contractor except his failure to save the Government harmless from suits brought by patentees in the Court of Claims. There is no language in the contract indicating that the Government intended to take a license for the contractor, it being in almost exactly the same language that the Government used in making similar contracts before the passage of the Act of June 25, 1910. Such prior contracts, however, are not in the record now presented to the Court.

Since the provisions of the contracts for torpedo boat destroyers are not absolutely conclusive as to the intention of the Government not to take a license for the benefit of the defendant, evidence of the surrounding circumstances should be taken, to assist in properly construing the provisions of the contract on this question ; evidence should be taken to show that the contracts were in the same form used before the Government had the power to take licenses, etc.

Evidence should also be taken to show whether the Government knew of the existence of the patent and that the contractor did not have a license, as in case III (C) *supra*, or whether it knew of the existence of the patent but believed the contractor to have a license as in case III (B) *supra*, or whether it did not know of the existence of the patent at all, as in case III (A) *supra*.

It follows that the Circuit Court of Appeals was wise in directing that the evidence be taken in this case. When the

evidence is taken the Court will have all the facts before it necessary to a proper determination of the cause. This petition for a writ of *certiorari* should therefore be denied for the reason that the evidence now before this Court upon the record filed with the petition is insufficient to enable the Court to properly dispose of the question on its merits.

Respectfully submitted,

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WILLIAM G. MCKNIGHT,

Counsel for Respondents.